





## EUROPEAN NEWS

## Basque threat on changes to constitution

By Jimmy Burns

MADRID, July 19. MEMBERS OF the Partido Nacional Vasco (PNV), the principal Basque parliamentary party, today threatened to abandon the Cortes, the Spanish Parliament, unless the Government acceded to their demands concerning the final text of the constitution.

An attempt by the Government and the Socialists, the main opposition party, to swing the PNV behind support for the constitution, ended in deadlock last night.

The growing concern in political circles here as to the effect that a total breakdown of negotiations with the PNV would have on the Basque country was made clear this afternoon with the revelation that the topic had been raised at a meeting between Sr. Adolfo Suarez, the Prime Minister, and military leaders on Monday.

The crucial debate on the constitutional articles relevant to the question of autonomy for the Basque and other Spanish regions almost ground to a halt today. Parliamentarians on all sides played for time in the hope that talks with the PNV would be resumed and a possible compromise could be reached.

The PNV until now has remained adamant that the present text of the constitution is not sufficiently clear on the autonomous state of the Basque region. The party wants formal recognition not a series of specific rights and customs for the region, including greater economic powers, particularly on taxation.

Both the Government and the main opposition parties, however, feel that a carefully elaborated strategy for the regions has already gone far enough on the question of autonomy. In their view, granting further privileges to the Basque country could bring with it the danger of creating a "state within a state."

It is with this in mind that the Government side, led by Sr. Abril Martorell, the deputy Prime Minister, has insisted throughout the negotiations that the PNV should clearly pledge its loyalty to "the unity of Spain" as specified in the present text of the constitution. In return the Government is prepared to accept certain amendments suggested by the PNV. These would include a more specific reference to the transfer of local administrative power to the semi-autonomous Basque General Council.

Talks between the PNV and the Government are taking place amid indications from the Basque country that ETA, the Basque terrorist organisation, may be preparing a new campaign of violence with the aim of upsetting any eventual compromise on the constitution.

## Police reform talks

By David Gardner

PAMPLONA, July 19. FOR THE first time since Parliamentary elections put Spain on the road towards democracy, the Spanish Government is showing a positive sign that it is prepared to tackle what is perhaps the most delicate problem in democratisation: the reform of the police force.

The conversations held in Madrid this week between Sr. Rodolfo Martin Villa, the Minister for the Interior, and Sr. Ramon Rubial, the President of the Basque General Council, centred on where the problem of the police in Spain is most pressing: the Basque country.

Sr. Villa and Sr. Rubial agreed that the question of an autonomous Basque police force should receive very serious consideration. The bad relations between the existing police force—totally recruited outside the region—and the local inhabitants were highlighted when riot police last week went on the rampage in the town of Renteria.

Following the Renteria incident, and the clashes between police and demonstrators in Pamplona, three Basque police officers were removed from their posts. These incidents have had many precedents. In September 1976, in Ondarroa, Lequiondo and Guernica, last April in Zuzur, and most recently last week in the Eguia district of San Sebastian, police went on similar or worse rampages.

The Basque country has had more than its share of police trouble. In the last ten years, the Spanish police forces have almost doubled to over 100,000 men, or approximately one for every 340 inhabitants.

In the Basque country the ratio is now roughly one policeman for every 100 people. Recently, also the Government has started to send in specially trained riot troops, stationed within easy reach of the Basque country.

This development has coincided with the plethora of mass demonstrations and general strikes in the Basque country. As a result of the escalation of the deaths among demonstrators, the long-standing Basque hatred of the police has reached a new pitch. Few demonstrators now fail to call for the dissolution of the "repressive forces."

Nor are the police themselves happy. Most plainclothes police stationed in Bilbao want a transfer, according to a spokesman, who added that they were "abundantly clear to them in their daily work that they were not wanted." There are signs that Spanish police are growing tired of putting down demonstrations. Apart from the riot police brought in briefly and then withdrawn, many of the Basque-stationed police are new recruits in their first posting.

## Bonn finds financial scope for boost to economy

BY JONATHAN CARR

BONN, July 19.

THE WEST GERMAN Cabinet has more financial room for manoeuvre than expected when it takes its decisions next week on further steps to try to boost economic growth.

Latest information indicates that the public sector credit requirement this year will be smaller than expected. Thus the danger of driving up interest rates and of causing constitutional problems through further large-scale borrowing will be reduced.

Finance Ministry figures released today show tax revenue increased in the first half by 8.2 per cent against the same period of 1977 to DM134.5bn—thanks not least to sharp rises in takings from turnover and corporation tax.

This result makes it likely that

the figure of DM311.7bn forecast for tax revenue for the year as a whole will be surpassed. Meanwhile expenditure—notably by the Governments of the provincial states—is less than expected. The result will be less borrowing.

The point is important in view of the conditional commitment for growth which Bonn gave its partners this week at the Western economic summit conference here.

The Germans pledged to take additional measures of "up to 1 per cent of GNP" but said the exact amount would depend, among other things, on the capacity of the capital market to absorb extra borrowing.

Bonn has thus formally set an upper limit for its action (around DM13bn) but not a lower one. Chancellor Helmut Schmidt has feared that a greatly increased

credit need by the Government would force up interest rates, discourage private sector borrowing for investment and thus work against an economic upswing.

The latest news shows that there is less likelihood of this. It also suggests that the Government may be able to avoid charges that it is offending against Article 115 of the constitution. This, in general, limits Government borrowing in any one year to the sum assigned in the budget to investment.

The Cabinet met from next Wednesday to Friday with representatives of the Bundesbank to decide on details of the new growth measures. The meeting will be preceded by talks between the coalition partners. The most likely result is a package of tax and investment-promotion measures as well as an increase in family allowances.

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## Terrorist complaints rejected

BY ADRIAN DICKS

BONN, July 19.

THE EUROPEAN Human Rights Commission in Strasbourg has rejected as groundless a series of complaints originally brought by Andreas Bader, Gudrun Ensslin and Jan-Carl Raspe, and followed up by their relatives after the three terrorists' suicide last October.

The West German Government has been disturbed by some of the past criticism of its treatment of jailed terrorists, and will see the judgment as gratifying support.

The Commission notes that no evidence has even been produced to justify the claim—since raised almost to an article of faith by the extreme Left in several countries—that the three were innocent of the crimes for which they were sentenced. Nor, says the Commission, is there any reason

to believe that ill-treatment in any way contributed towards their deaths.

The Commission's judgment is in fact that the terrorists' prisoners in Stammheim Prison, near Stuttgart, were pampered rather than treated harshly. It notes that they had cell supplies with books, radio, TV sets, record players and other luxuries and were segregated from ordinary prisoners at their own insistence.

The controversial isolation of the terrorists, at the time of the killing of Herr Hans Martin Brehmer, in the Commission's view, was amply justified by their past record of violence and by the likelihood that attempts would be made to free them. At other times they were allowed almost unlimited contact with

one another, with their families and with their lawyers (some of whom are thought by the German police to have smuggled in the arsenal of weapons found in searches of Stammheim). The Commission also rejected, after inspecting the prison, the charge that the terrorists were bugged or watched by hidden cameras. Allegations that the terrorists were denied due process at their trials were also dismissed.

Herr Hans-Jochen Vogel, the Minister of Justice, welcomed the Commission's findings as "a further important step towards peace in the country which has been drawn broad of the Federal Republic of Germany, sometimes through lack of information but sometimes also through deliberately misleading criticism."

## East German economy on target

BY LESLIE COLLITT

BERLIN, July 19.

EAST GERMANY'S economic performance in the first half of 1978 appears to have met expectations, though the results are more difficult than ever to evaluate because of the almost total absence of actual production and trade figures.

The central Statistical Office has released only percentage figures showing increases over the first half of last year. These reveal that the East German national product grew by 5 per cent over the same period last year. The target figure for growth for all of 1978 is 5.2 per cent.

Significantly, however, actual growth figures are given for East German birth so far this year although they are not regarded as part of the plan. According to these figures, 118,800 East Germans were born in the first half of this year, 3,900 more than in the first six months of 1977. This is being hailed by the

official East German Press as "an expression of the social security" in East German society.

Industrial production in East Germany is said to have risen by 5.2 per cent and growth in the industrial Ministry's sector is said to have been 5.4 per cent. The target figure for this entire year is 5.2 per cent.

East German investments increased more rapidly than planned, by 3.5 per cent compared with the 2.1 per cent rate for the entire year. A few months ago, East Germany's Prime Minister, Herr Willi Stoph, complained about "unplanned" investments of about 1.5bn marks. Frequently these reflect factory investments in amenities for workers—summer camps, for instance—aimed at keeping them from changing their jobs. Labour turnover has been a constant problem in the East German economy.

The net income of East Germans is said to have gone up by 3.5 per cent, while 4 per cent is being aimed for in the entire year.

East Germany's increasing birthrate, from a low of 10.8 births per 1,000 population in 1973 and 1974 to 13.5 births last year is regarded as one of the success stories in this country of 16.5m inhabitants. Many of the country's inhabitants are elderly and there have been fears that an earlier slowdown in the birth rate could affect future growth.

The increase in births has taken many East German planners—as the country's President, Herr Erich Honecker, admitted last year—by surprise. It even follows the legalisation of abortion on demand.

East Germany's foreign trade statistics are the scantiest to be seen, showing only that exports rose by 10 per cent overall.

## Five-year delay in Dutch nuclear plan

By Charles Batchelor

AMSTERDAM, July 19. HOLLAND WILL not be able to start using nuclear energy on a large scale until 1990 at the earliest, five years later than planned.

A public debate on nuclear policy is expected to take two years and it will take a further eight years to obtain planning permission and construct nuclear power stations, Mr. Gijs van Aardenne, the Economics Minister, has said in a letter to Parliament.

Where to store radioactive waste and where to site the three nuclear power stations which were approved in principle by the previous Government, will also have to be decided. While the decision is being taken on nuclear energy, new coal-fired power stations will have to be built. Holland is reducing the role of natural gas in power stations and sees coal as the main alternative.

The Minister said that a quick decision was needed in view of the transport and environmental problems which would be caused by the growth in the use of coal. Almost all Holland's electricity production capacity of 14,500 MW will have to be renewed from the late 1980s. If all the present capacity were to be replaced by coal-fired power stations 14m tons of coal would be needed each year by 1995 compared with 1m tons now. This would rise to 23m tons by the year 2000.

The Government is calling for rapid investigation of underground storage sites for nuclear waste.

## Portuguese foreign debt may double

By Our Own Correspondent

LISBON, July 19. PORTUGUESE Finance Minister Vitor Constancio says the need for economic growth and the fight against unemployment will mean the country's foreign debt is likely to double in five or six years.

Speaking during the signing of an agreement for a \$150m loan mainly provided by West German banks, the Finance Minister emphasised that the loan represented Portugal's first foray into the financial markets since the 1974 revolution.

Dr. Constancio said Portugal's total external debt at the end of 1977 had been \$4.4bn while exports had reached \$2.75bn. This, he said, represented a quotient of 1.6 compared with the limit of 2, which was considered the limit for a country's indebtedness.

He said projections for 1981 showed the total debt would be \$8.5bn while a 13 per cent increase in exports would mean the debt ratio stabilised at about 1.8.

President Valery Giscard d'Estaing arrived in Lisbon today for a three-day official visit to Portugal, the first by a French head of state since 1968. Reuter

## IMF accord with Italian on three-year programme

BY DOMINICK J. COYLE

ROME, July 19

A REVIEW TEAM from the International Monetary Fund (IMF) has now concluded its mission in Rome after reaching a broad agreement with the Government on an outline three-year (1979-1981) economic programme. But it is still apparently reluctant to support formally a new standby facility for Italy until the programme takes on concrete shape and gains parliamentary approval.

The IMF team, led by Mr. Alan Whitmore, the Fund's European director, is understood to have told Sig. Filippo Maria Pandolfi, the new Treasury Minister, that his programme is generally appropriate to Italy's medium-term economic needs, including its provisions for an element of recovery in order to cut back on mounting unemployment.

The IMF is thought to have been impressed by the Ministers' personal determination to try and get to grips with the rapidly escalating enlarged public sector deficit which, this year, is expected to come out at little less than double the upper limit of L14,450bn (more than \$3bn) set for 1978 and recorded in the Italian 1978 letter of intent to the IMF in the spring of last year.

However, Mr. Whitmore is well aware of the complexities of political decision-making in Italy, and he has noted that the Minister's programme will now have to be discussed in detail with the political parties supporting the present minority Christian Democrat (DC) Government of Sig. Giulio Andreotti, with the trade unions and, finally, by Parliament.

At his final working lunch yesterday with Sig. Pandolfi, Mr. Whitmore is known to have indicated that a further visit to Rome by the IMF would only be of value when there were clear indications that pledges undertaken by the Italian Government in a new letter of intent could be relied upon, and

not be subject to "further debate at a later time."

This was a clear reference to the difficulties experienced at the time of the last agreement between Italy and the IMF, including provision for a relatively minor adjustment in the present pattern of inflationary wage indexation, that occasion, the formal letter of intent had to be revised, and the trade unions refused to accept changes to which the Government had committed itself to the IMF.

The present expectation is assuming that the political and social forces can be persuaded to accept Sig. Pandolfi's so-called "three year" programme, and certainly at his 1979 budget package, will return to Italy in late September or early October to finalise a new letter of intent, exchange for a further Italian standby from the Fund of \$1.5bn.

## Troop cut warning by NATO

VIENNA, July 19.

NATO NEGOTIATORS stated today that communist proposals for a European troop-reduction agreement had serious flaws and could harm Western security.

The Western Alliance said as real progress in the deadlock East-West conference on manpower reductions was possible until the two sides resolve a five-year dispute over communist force levels.

The 18-nation conference broke up for a two-month summer recess, closer to agreement than ever before on broad principles of an eventual, troop-cutting agreement in central Europe.

But the complex issue of manpower statistics—with NATO insisting the Warsaw Pact has a 150,000-man advantage—will remain the No. 1 problem when delegates reassemble on September 25.

The conference's 18th round since 1973 ended with an appeal by Polish chief delegate Tadeusz Strulak to start drafting a reduction agreement.

The seven Warsaw Pact nations have accepted Western demands for a collective 700,000 man ground force ceiling on each side, and have offered an initial 30,000-man and 1,000-tank cutback by the Soviet Union in Central Europe against a U.S. withdrawal of 14,000 men and 1,000 nuclear warheads.

But the plan has been made conditional on acceptance of the Warsaw Pact's own statistics, which show the Communist alliance has 800,000 ground troops in Central Europe. NATO says it has hard information that the figure is closer to 550,000. Reuter

## Brezhnev avoids funeral of Politburo member

BY DAVID SATTER

MOSCOW, July 19.

TOP SOVIET leaders, including Mr. Leonid Brezhnev, the Soviet President, today failed to attend the funeral in Red Square of Mr. Fyodor Kulakov, the prominent Politburo member once regarded as Mr. Brezhnev's most likely successor.

Mr. Alexei Kosygin, the Soviet Premier, and Mr. Mikhail Suslov, another member of the ruling Politburo's inner circle and the chief ideologist, were also absent from the funeral which was addressed by Mr. Andrei Kirilenko, who normally deputises for Mr. Brezhnev.

The absence of three of the Soviet Union's four most important political figures at a funeral where their attendance would have been thought obligatory has led some observers to conclude that Mr. Kulakov was once known as a "conscienceless and principled attitude" and underlined his standing in the party.

Mr. Kirilenko, echoing the official obituary, said in his funeral address that Mr. Kulakov showed "versatile abilities as a party figure" but his speech was devoid of extravagant praise.

overall responsibility for agricultural production. He had not, however, been hindered by past agricultural disasters as he moved up through the party apparatus.

Mr. Kulakov was not known to be ill and his death came as a surprise. He died suddenly on Monday of cardiac arrest. The letters of condolence in the Communist Party newspaper, Pravda today, however, took considerably less than two columns. When Marshall Andrei Grechko, the former Defence Minister, died in 1976, the letter of condolence took up an entire page.

Mr. Kulakov's obituary signed by Mr. Brezhnev and Mr. Kosygin, nevertheless praised him for his "consciencelessness and principled attitude" and underlined his standing in the party.

Mr. Kirilenko, echoing the official obituary, said in his funeral address that Mr. Kulakov showed "versatile abilities as a party figure" but his speech was devoid of extravagant praise.

## TURKISH CYPRIOTS

## A growing sense of resentment

BY METIN MUNIR

IMPORTS OF Scotch Whisky into the Turkish Federated State of Cyprus rose by 55 per cent last year and the drink is apparently catching on in the Turkish community. The reasons for this are not clear but one possible explanation is that the Turkish Cypriots are trying to drown away their sorrows.

There certainly seems to be a growing mood of gloom and pessimism in the island. The economy is in bad shape. There is a continuing social upheaval caused by the rehabilitation of Turkish Cypriots displaced from the south of the island and Turkish transplants from the mainland. The administration remains primitive and the Government largely ineffectual.

Last week President Rauf Denkash sent his new Prime Minister, Mr. Osman Ozek, to Ankara to ask the Turkish Prime Minister, Mr. Bulent Ecevit, for cash to pay civil servants and subsidise the state economic enterprises which are heavily in the red. Although no announcements were made at the conclusion of Mr. Ozek's one-day talks, Ankara it is expected that Mr. Ecevit, with great reluctance, has once more agreed to foot the bill.

The Turkish Prime Minister, who sent the Turkish army to Cyprus four years ago today, appears to have no other alternative, although there have been suggestions recently that he should cut off the aid and "let the Turkish Cypriots fry in their oil." His dilemma is a difficult one. If he stops the cash contributions the north may go bankrupt in a few months. If he does not, he will continue propelling up an inefficient administration which will go on needing fresh cash contributions. For the time being, at least, he has apparently elected to pursue the latter course.

The Government which is in power in northern Cyprus is made up of Mr. Denkash's old guard, with some young recruits. It has been holding the reins of power since the 1950s when the intercommunal strife on the island started.

Mr. Denkash's Right-wing National Unity Party won the General Election by a landslide in the first poll following the declaration of the "Turkish Federated State of Cyprus" in February 1975. Mr. Denkash himself was separately elected President—almost unanimously—and in theory, under the new

constitution, severed his ties with his party to rise above party politics.

In practice, however, his ties with the National Unity Party remained strong as ever, and he has continued to exercise great powers. This, in fact, is one of the biggest problems and failures of the Turkish-Cypriot administration. Because Mr. Denkash in practice carries out the functions of President, Prime Minister and party leader, his Ministers have very little control over their Ministers who, in turn, have little authority over their staff.

Admittedly, Mr. Denkash's role is the continuation of a tradition established during the civil war years when, by necessity, he played the role of a benevolent despot. But the civil war has ended and the Turks are safe behind the boundary with the Greeks. His current role, however, is effectively preventing his small state's executive institutions from taking root.

"My door is open to all," Mr. Denkash is proud of saying. It is one minute he may be conferring with the Turkish Ambassador and the next receiving a peasant who wants him to do something about his lost donkey. He handles both with equal adroitness.

Meanwhile the Cabinet and the civil service is thrown into disarray. The situation is further aggravated by the widespread interference of the mainland Turkish authorities. These must be consulted on almost every point. The Turkish ambassadors in Cyprus wield as much power as Mr. Denkash. The Turkish army on the island also possesses large powers.

In this there is something of the paternal "leading the child by the hand," as a Turkish diplomat put it. But some Turkish Cypriots fear that with so many hands leading it, the child may never grow up.

The representatives of the Turkish Ministry of Finance and Commerce have more powers than the Cabinet Ministers, one holding the purse strings and another controlling the foreign trade regime.

But unless this muddle at the top ceases it will be difficult, not to say impossible, for the Turkish Cypriots to have either an effective government or an efficient bureaucracy. And without that there is little prospect of the current problems being solved.

"If Ankara does not take us seriously why should anybody else?" asked a Turkish Cypriot opposition deputy.

It is unclear to what extent this interference is done with the knowledge or concurrence of Ankara. It is quite possible that Mr. Ecevit, himself beset with grave problems, is not aware of what is going on in the north, and probably has not got the time to find out.

Turkish newspapermen based on the island as well as most of their local colleagues have preferred to maintain a tactful silence on these and other semi-taboo matters. Consequently the Turkish taxpayer too is largely unaware of the extent of the confusion and inefficiency which is going on partly at his expense.

There is growing awareness and resentment of these and other grievances—corruption, social injustice, unemployment—among the Turkish community. The three opposition parties, which are all Left of centre, are using the assembly floor with increasing aggressiveness. Dr. Fazil Kucuk, the former Turkish Cypriot leader and one-time close friend of Mr. Denkash, is daily sniping at the Government in the columns of his newspaper.

Even inside the National Unity Party discontent appears to be building up. Several deputies,

including the former Prime Minister, Mr. Nejat Konuk, have quit the party, and some observers say other resignations will follow. These observers believe that the ruling party may even lose its majority in the 40-seat assembly and a coalition government may be formed, possibly under Mr. Konuk.

The failure of the Turkish corner of the island is not a private problem of the Turks since the Cyprus problem itself is far from being a private one. Cyprus constitutes the most crucial knot in a web of problems involving Turkey, Greece, and the U.S. and through these NATO and the EEC.

The Turkish Cypriots cannot afford to lift the armed frontier dividing them from the Greeks as this would result in their economic ruin. Mr. Denkash, who has spent his entire adult life struggling for the survival of his community, will never consent to this. The Turkish Cypriot view is that it is necessary they be given some access to the foreign aid pouring into the south so that their development can approach those of the Greeks. So far they have received little or nothing from anyone except Turkey. Arguably, the Greek Cypriots would be wiser to lift what the Turkish Cypriots see as a crippling economic blockade of the north, permitting this to open its doors to countries other than Turkey. In the last evaluation, the Turkish side insists, this blockade is bound to be counter-productive, crippling as it does the development of the north in the Turks' book, gloating over their failures, which appears to be the dominant reaction in the south, is a short-sighted policy.

Though Pol-Der initially supported the Ecevit Government, its Istanbul president, Mr. Kazim Bilir, now complains that the Government has taken "No measures against fascist attacks and watches these like a spectator." He also says that his members are searched without warrant and sent to serve in the provinces.

The Right has complained of politicisation of the police. Mr. Ecevit insists that he will not drive one group of militants from the state machinery so that another may take their over.

The dispute over the police is symptomatic of the deep divisions over how violence should be curbed. Its outcome is crucial to hopes of some ebb in the tide of death.

Police impartiality has long been questioned, not least by Mr. Ecevit who earlier this year accused armed security police of posing as students to cause trouble.

The inspired of the extreme Right, Mr. Alparslan Turkes, was Deputy Prime Minister in the previous Government and supporters of Mr. Ecevit claimed that the police had been infiltrated by following of Mr. Turkes's Nationalist

Action Party (INAP). They are believed to have been particularly active in the intelligence services.

The recent appointment of General Adnan Ersoz to head MIT, Turkey's central intelligence agency, reassured many of Mr. Ecevit's supporters. The general has long reputation as a liberal figure who would not tolerate excesses.

But policemen, worried at the growing strength of the extreme Right, set up the organisation, Pol-Der. This grew to several thousand members. Though on the Left, it was less an ideological body than a broad alliance worried by increasing violence by the Right. To counter it, some right-wing elements set up the much smaller Pol-Sir. The two occasionally clashed openly.

**And at the end of it all what do you have?**

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## AMERICAN NEWS

## Carter bid to curb hospital costs killed by lobbyists

BY JUREK MARTIN, U.S. EDITOR

RESIDENT CARTER'S year-long plan to control the spiralling costs of hospital care expired in Congress last night. The saga of ultimate death of this piece of legislation, important for its social and anti-inflationary implications, demonstrates the extent to which special interest groups are enjoying untrammelled sway in Washington, and the general inability of the Carter Administration to combat them.

Most public opinion polls in recent years have shown that the average American is more concerned about the price of medical care than about anything else. Real figures have shown why. Last year hospital costs to the federal government rose by nearly 18 per cent. This year, the medical component of the cost of living index is being going up at an annual rate of 10 per cent.

In his campaign, Mr. Carter had pledged to take action on this issue. He has now simply endorsed the profession's voluntary approach. Mr. Joe Califano, Secretary of Health, Education and Welfare, conceded the action as "a defeat for the public interest and a victory for the special hospital interests," while a spokesman for the American Medical Association said that voluntary efforts constituted "the only responsible approach."

In practice, the medical lobby, which exerts much influence over Congressmen's constituency affairs, did its work well, but the administration failed to put together a counterbalancing lobby. Even organised labour, which

WASHINGTON, July 19.

might have been expected to help, was lukewarm because it insisted that hospital workers should be free to win whatever wage increases they felt were justified to combat inflation.

The Committee's action also demonstrated the strength of the current sensibility which feels that business and the professions should enjoy less bureaucratic interference. As the California vote on the tax-cutting Proposition 13 showed, government is an unpopular beast these days.

This is proving a tough nut for the Administration to crack. A balkanised Congress, susceptible to special interest appeals from its constituents, is not enthusiastic about getting to grips with national problems even when they are as apparently all-consuming as inflation. Successive pieces of legislation concerning national issues and ranging from the Energy Bill to hospital costs containment, have been bottled up or decimated on Capitol Hill by those who find it easier to answer to particular masters.

At the same time, the Administration's lobbying record has been inconsistent and insufficient to overcome the gut Congressional feeling that it is possible, and in some cases easy and profitable, to defy the President. The popular wisdom of the U.S. with the mid-term elections less than four months away, is that more votes may be won by running against Jimmy Carter than with him.

## Bolivian ex-president on hunger strike

A FORMER Bolivian president has gone on hunger strike in the Vatican embassy in La Paz in protest against alleged fraud by the ruling armed forces in the general election last week. Reuter reports. Sr. Hernán Siles Zúñiga, 61, said he intended to hold an indefinite hunger strike in the embassy.

He was the presidential candidate for a left-wing coalition in the elections and was runner-up to the candidate of the military government, Gen. Juan Pereda. International observers accused the military rulers of widespread fraud and intimidation in the 1978 national election for 12 years. Sr. Siles was president from 1966-69 and, after a long period in exile, returned home in March.

**London flight request**

Western Airlines has asked the U.S. Civil Aeronautics Board to allow it to become the first U.S. airline to provide non-stop flights from Anchorage to London. Reuter reports from Anchorage. Several foreign airlines, including British Airways, fly between the two cities.

**LA Olympics plan**

The International Olympic Committee (IOC) thinks Los Angeles can host the 1984 Olympic Games by "sub-letting" them to a private corporation which would cover any financial losses. IOC sources said yesterday. Reuter reports from Lausanne. IOC president Lord Killanin hopes to discuss this and other possible compromise solutions with Los Angeles authorities. Meanwhile, in Munich, Mayor Erich Kiesl said yesterday that Munich was ready to take over the games if Los Angeles pulled out. The city, which was the venue for the 1972 Olympics, would, however, need German and Bavarian governments.

**U.S. COMPANY NEWS**

Chemical groups' earnings disappoint: Honeywell optimistic after profits advance; Bendix registers improvement—Page 28.

## OPPOSITION IN NICARAGUA

## Disturbance of a dynasty

BY JOSEPH MANN, IN MANAGUA

THE GOVERNMENT of Nicaragua was shaken again last week by a wave of street violence directed against the regime of General Anastasio Somoza. At least 14, including two soldiers, scores of injured and an unknown number of people killed.

The week of disturbances was set off by an incident last July 9 in the city of Jinotega where four students were killed during a clash with national guardsmen and unidentified civilian gunmen, said by the opposition to be supporters of the Somoza regime. As a result of the student deaths, violence flared up for several days in San Marcos, Masaya, Jinotega and other places.

Anti-government protesters, mainly students, fought armed soldiers with guns, rocks and home-made bombs. In a dozen towns and cities, students ignited hundreds of home-made explosive devices that caused some damage but no apparent casualties. Gunmen robbed a bank in the city of Leon, a stronghold of Somoza's Liberal Party, and another bank was attacked in Matagalpa.

The bank attacks were presumably carried out by the left-wing Sandinista Liberation Front, an anti-government organisation that has robbed banks in the past in order to fund its activities.

This latest burst of violence, coming on the heels of a general strike and other serious disturbances earlier this year, did little to reassure anyone about the future of this country of 2.3m. Confidence in the Somoza government and the ruling economy is at a low ebb.

More private capital left the country last year than is normal, foreign reserves fell and the government continued to log a budgetary deficit and an increasing external debt. Although the GNP grew by 5.5 per cent in the real terms last year, observers are predicting minimal or zero growth for 1978. There is a lack of liquidity in the banking system and bankers are holding back on any major investment.

Under current legislation, a new chief executive for Nicaragua is to be elected in

1980, and President Somoza's term of office expires the following year. The president is prohibited by law from succeeding himself.

The question now, however, is whether the general will be able to maintain his grip on the presidency in the face of widespread opposition, hostility and frequent acts of violence caused by students and guerrillas.

In a recent interview with the Financial Times, President Somoza indicated that he would remain in office despite opposition and would work for the victory of his party's presidential candidate in the forthcoming elections. He said that any democratically-minded party would be allowed to participate in the campaign.

Up to now, the two principal parties in Nicaragua have been the Liberals, dominated by Gen. Somoza, and the conservatives, the Sandinista Liberation Front. The Sandinistas, however, it is expected that Socialists, Social Christians, Communists and other parties will join the campaign to oppose the liberal candidate.

The President shrugged off the recent episodes of violence by asserting that political violence exists all over the world. He said the last wave of rioting was primarily the work of "irresponsible youth" some of whom are below high school age.

Far from being part of an overall opposition strategy to unseat the president, last week's series of riots were the result of confrontations between anti-government protesters, police and agents of provocateurs. The dilemma of the Nicaraguan opposition is that apart from its desire to remove

General Somoza, it has no clear government programme and no strong leaders.

The Conservative Party, the best organised opposition force, is split into four wings. The Socialists and Social Christians also have competing factions within their parties. Even the Sandinistas, who have concentrated their activities on attacking military buildings and attacking banks, are fragmented into three groups. Other opposition groups exist but so far none has been capable of producing a compelling leader or pulling together a unified opposition front.

But despite their varying degrees of political sophistication, the opposition in Nicaragua still has far to go. First, they must recognise the reality that the National Guard, an essential force to be reckoned with by any would-be government, stands firmly behind President Somoza.

It has shown no signs of dissent and no inclination to follow anyone other than General Somoza. Secondly, except for groups advocating an immediate overthrow of the Government, no other opposition forces have developed a clear plan of attack. One political commentator in Nicaragua said: "The opposition has no alternative leader to challenge Somoza and no one to replace him if he were gone. If for some reason Somoza were to disappear tomorrow the opposition here wouldn't know where to begin. We'd have the classic example of a vacuum of power."

President Somoza has repeatedly stated that he will remain in office until his term ends in 1981. Barring natural death or assassination, the most likely possibility at this time is that he will "touch it out" and support a Liberal presidential candidate loyal to him.

Although many questions were raised about General Somoza's health after a heart attack last year, he has apparently recovered well. He is carrying out his normal presidential duties and during a recent conversation appeared slim, healthy and relaxed.

## Ford breaks ranks on pricing

BY JOHN WYLES

NEW YORK, July 19.

HE FORD Motor Company has decided that Detroit's co-operation with the Carter Administration's price restraint policy may extend to prices planned for a 1979 truck model range.

Both Ford and General Motors have undertaken not to raise prices on cars any higher than last year. This was a 6 per cent increase they implemented last year. This was in Washington as a significant boost for the Government's inflation programme, but tentative price proposals which Ford has sent to its truck dealers say somewhat tarnish this view.

Ford, the country's second largest car maker, has proposed a 7 per cent increase on light trucks such as pickups and vans and a 6.5 per cent increase on medium and heavy-duty trucks.

In the surface, Ford can claim it is in line with the letter of President Carter's policy of not introducing higher price increases this year than last. But

it departs somewhat from the spirit of the policy because Ford has brought in interim increases in truck prices which means that by year end they could, with the 7 per cent increase, be costlier than last year's prices.

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Moreover, the popularity of light trucks as ordinary passenger vehicles means that their prices are more directly related to the consumer. However, complying with the President's policy on car prices will squeeze Detroit's profit margins and larger increases in truck prices will enable car producers to recoup some of the sacrifice.

Neither General Motors nor Chrysler has yet disclosed truck pricing plans but such is the way of the motor industry that

## SEC calls for fuller disclosures

BY OUR OWN CORRESPONDENT

NEW YORK, July 19.

UNSUING its goal of greater disclosure of management conduct, the Securities and Exchange Commission has proposed that corporations should release more information to shareholders about their directors.

The Commission is seeking public comment on its suggestions which stem from a review of corporate governance. This has been prompted by the string of disclosures made by U.S. corporations over the past two years of questionable and illegal payments.

Among other things the Commission's proposals would require companies to declare the degree of independence which their nominated directors have from management. Each nominee would have to be either a management director, an affiliated non-management director, such as an investment banker, or an independent director having no ties with the company.

Corporations would be asked to reveal whether they have directors' committees which review the work of outside auditors and approve executive

and director compensation. Shareholders would be informed by statements of how often a board meets and of the names of directors who miss 75 per cent of the board's meetings. They would also be told of resignations caused by a disagreement between directors and management and of the nature of the dispute.

The proposals would require publicly held institutional investors to disclose in their annual reports to shareholders how they vote, the shares they hold or control.

## Hopes rise on postal pay

BY OUR OWN CORRESPONDENT

NEW YORK, July 19.

NEGOTIATIONS to avert possible stoppages by U.S. postal workers were said to be making progress this morning against a deadline of midnight tomorrow.

It is expected that if no new contract is agreed by then, the U.S. Postal Service's 500,000 workers will face a legal prohibition and risk off the job. The last time this happened was in 1970, and as then plans are being drawn up to use troops to ensure delivery of the mails.

However, Government departments were reluctant to discuss a contingency this morning and officials there are confident that an agreement will be reached tomorrow night. However, negotiations, which started several weeks ago, have been rough several sticky patches over the last few days and a shutdown was reputedly averted

## Caricom agrees regulations on internal trade

By Cayana James

KINGSTON, July 19.

THE TROUBLED Caribbean Community and Common Market (Caricom) was last night given a new lease of life by ministers representing its 13 members. The ministers ended a two-day meeting with agreements which appear to solve major problems which have bedevilled trade within the group over the past five years.

This claim for a successful conference is supported by the fact that there has been agreement on rules of origin affecting goods which are manufactured and sold within the region, and which attract duty-free access to markets.

There have been previous attempts to use the criterion of a 50 per cent local added-value for regionally manufactured goods to qualify them for duty-free preferential treatment. Some members have, however, accused others of flouting these rules, while other accusations have been that finished goods from third countries have been passed off as regionally manufactured materials.

The criteria agreed by the Foreign and Trade Ministers last night have not yet been made public, but conference sources reported that a special sub-committee of technical and economic officials representing member countries will meet soon to refine the formula.

The new rules of origin will, however, come into effect on January 1, as will a new common external tariff. The figures for this have also not yet been released, but conference sources indicated that the technical difficulties which stood in the way of agreement have all been resolved.

The possibilities of agreement on major issues were increased on Monday night when the Jamaican Government announced that it had set aside an additional \$20m (£8.57m) for imports from Caricom countries for the second half of this year.

**Chief Engineer**

...and responsible for the day to day running of a manufacturing facility in the Home Counties.

Major objectives will be to: maximise manufacturing efficiency; improve production quality; maintain good working relationships in the plant; ensure safety and health; respond to customers' requirements.

This is a challenging position. It calls for a man or woman of initiative, management experience and who wishes to progress a career in manufacturing. Salary is commensurate with experience and qualifications.

A competitive salary is offered together with a comprehensive benefits package.

Written applications giving full details of experience, age and current salary should be addressed, in confidence, to: The Managing Director, Chemiflow, 1 Lansbury Avenue, London WC2E.

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## The pulling power of an Alfa Romeo.

Alfa Romeos offer exemplary performance both on the road and on the appointments pages. Because when you want to fill a position, nothing helps you fill it faster than an Alfa Romeo.

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# WHAT THE HELL IS AN ADVERTISING AGENCY FOR?

According to a recently published survey, most advertisers don't know.

Fifty clients, responsible for 103 advertising accounts, put 'creativity' as an agency's most important quality.

They also ranked JWT as the leading "main creative agency." CDP was a close second and Saatchi & Saatchi Garland-Compton third.

**BUT:** nobody seemed to know what creativity *was*. The most agreed description was "An ability to produce memorable advertising."

And since nobody in the world has ever yet demonstrated any direct relationship between memorability and effectiveness, that definition seems, to say the least of it, rum.

The same respondents also voted JWT "top agency," defined as a mixture of size, creativity and overall capability.

**BUT:** 78 per cent of these respondents "thought that advertising's key function was to accomplish other tasks than selling." And the first conclusion of the author of the report was "Advertising is not primarily expected to sell."

So, in Berkeley Square, we're baffled.

We came top, according to this particular survey, on what advertisers believe to be most important in an

agency. But we totally disagree with most of those advertisers' views about advertising.

Of the fifty clients interviewed, just *one* defined creativity as advertising that works.

Whoever you are: thank you. If you'd like to talk to people who agree with you, send us the coupon. And if you're one of the other forty-nine, maybe you should send it as well.

We've got more information than anyone else about how advertising works—in both the short and long term—and what can happen to the profits of a company when that advertising stops.

But if you really are totally convinced that advertising "is not vital to marketing" and your mind is forever closed on the subject, then maybe you shouldn't bother with our coupon.

We wouldn't get on at all.

Our thanks to Wood, Brigdale and Company Ltd., Advertising, for their permission to quote from the survey conducted on their behalf by Davis Ives Associates Ltd.  
Further copies of the report can be obtained from: John W. Wood, Wood, Brigdale and Company Ltd., Kent House, Market Place, London W1N 7AJ. Tel: 01-636 3152.

☐

I was the one advertiser in fifty who defined creativity as advertising that worked. I would like you to tell me why I was right.

☐

I was one of the forty-nine advertisers who said that advertising was not vital to marketing. I would like you to persuade me that I was wrong.

Name \_\_\_\_\_

Please pin this coupon to your letterhead and post it to:  
Jeremy Ballmore, J. Walter Thompson Co. Ltd.,  
40 Berkeley Square, London W1X 6AD.





## WORLD TRADE NEWS

## Varley leaves for talks on airliner development

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DECISIONS on possible collaboration on future aircraft programmes between the UK and West European aerospace industries are still some way off, says Mr. Eric Varley, Secretary for Industry. He is not expected to reach any deals during his visit to Paris and Bonn which starts today.

The primary aim of his mission remains exploratory, to discover precisely what the attitudes of the French and West German Governments are, especially in the light of the recent decision to proceed with the B-10 version of the Airbus European Airbus, and Boeing's decision in the U.S. to launch the rival twin-jet 767 aircraft.

In particular, the UK would like to have some clarification of the French Government's position on the proposed Joint European Transport (JET) programme.

This comes counter to the basis of previous discussions, which is that the European industries have sought UK participation both to help to defray development costs and to form a united front against US penetration of European markets.

A working order from British Airways has always been considered as a bonus stemming from UK participation in European programmes, and not as a pre-condition for agreeing to such collaboration.

The French Minister's statement that the UK cannot have a working order — allowing British

airways to buy Boeing 737s and have a share of the B-10 venture — has puzzled Whitehall, because the two aircraft are so widely different in type and time scale.

The 737 is an existing short-haul 130-seat twin-jet, bought by British Airways for the immediate replacement of ageing Trident Ones and Twos up to 1980. That deal has no direct influence whatever on British Airways' longer-term choice for the French and West German Governments are, especially in the light of the recent decision to proceed with the B-10 version of the Airbus European Airbus, and Boeing's decision in the U.S. to launch the rival twin-jet 767 aircraft.

British Airways makes it clear that it is wide open on the latter choice. It is studying everything from B-10s, Boeing 767s, and other possible candidates, such as McDonnell Douglas Advanced Technology Medium Range (ATMR) transports, as well as proposed versions of the Lockheed TriStar, together with whatever may emerge from the proposed Joint European Transport (JET) programme.

The airline does not expect to be ready to make a decision on a longer aircraft for at least another year or so. It does not need to, because most of its needs for some time to come can still be met by Trident Three, or by the Lockheed TriStar, in its fleet.

The French Minister's statement, therefore, seems to Whitehall to be a bit of an ultimatum, that the UK is not likely to accept, it is argued that the UK would bring a substantial cash down in Airbus Industrie. If it joined in the B-10 programme, and that British Airways would be left to make up its own mind.

## Links with China could develop

BY COLINA MACDOUGALL

A MISSION of about 20 from the 48 Group, an association of British traders who deal with China, is to visit Peking and other Chinese cities in March next year for business discussions, Mr. Jack Perry, chairman of the 48 Group's Importers' Committee, has announced.

It is proposed that the mission should include service sectors, such as banking, insurance, and stock exchange as well as trade. Companies which are not yet members of the 48 Group may be invited to participate if they can offer experience which is not already represented on the mission.

On trade development generally, Mr. Perry, who is chairman of the London Export Corporation, is an experienced China trader, and that six months ago the bank of China had hinted that the main new feature of financing trade could be suppliers' credit. He added that in his view Peking was presently planning for an

annual deficit on trade, perhaps for as long as ten years.

The most likely development was the formation of consortia by a combination of European, Canadian and perhaps Japanese banks providing substantial bank loans repayable over five to 10 years. In addition, certain European banks would be designated to provide cash payments to suppliers on behalf of the Chinese authorities, who are expected to get a very favourable rate of interest.

Last April, Mr. Perry said, the 48 Group had a successful meeting in Peking with the director of China's export bureau at which frank discussions were held. The British side pointed out, among other problems, the deterioration of quality in the last few years and the long payment delays in meeting legitimate claims. In reply, the Chinese Vice-Minister of Trade, Mr. Chen To-Pin assured his hearers that these problems would soon be put

## Brewing of Guinness in Japan planned

BY ROBERT WOOD

TOKYO, July 19.

JAPAN'S Sapporo Breweries hopes to begin brewing Guinness in about 1980, making Guinness the first foreign beer brewed in Japan, a Sapporo official said today.

Guinness sales in Japan rose spectacularly in 1976 and 1977, but have levelled off this year at least partially because of a price increase from ¥230 to ¥250 a bottle.

A Sapporo official said that the export price of Guinness in pounds had risen 185 per cent since the last major increase in the Japanese retail price in 1975, more than cancelling the rise in the value of the yen over the same period.

Increases in the export price of Guinness have also removed any incentive that the yen's rise might have created to continue importing Guinness rather than brewing it locally.

Sapporo had long planned to begin local brewing when demand reached 150,000 cases a year. Some 37,000 cases were imported in the first six months of this year, so demand has reached the target level.

## Canada textile industry ready to defend itself

BY VICTOR MACKIE

OTTAWA, July 18.

THE TEXTILE and clothing industries of Quebec, under attack for their vulnerability to foreign competition, have come back with a claim that they can supply Canada with 140,000 new jobs by the mid-1980s.

The industries currently employ about 200,000 directly and about 350,000 in related industries according to Mr. J. I. Armstrong, president of the Canadian Textile Institute.

CTI is Quebec's largest manufacturing employer — 50 per cent of the industry's employees work in Quebec but are protected from low-cost imports by government quotas and tariffs.

Economists say they are destined to be wiped out by imports from countries like Taiwan and South Korea.

In a report to the Federal Government made public today, a 31-member study group of management and union representatives called on Ottawa to maintain tariffs and other barriers against imports to help reverse the decline in Canadian textile and clothing production.

The group urged Ottawa to provide a number of other incentives to help make Canadian products more competitive with imports from low-wage countries. The report emphasised the

## U.S. to stop Eximbank loan to Argentina

BY LESLIE COLLIT

BERLIN, July 19.

THE TRADE GAP between East Germany and the UK widened in the first six months of this year, with imports by the German Democratic Republic falling to \$26.8m and UK exports amounting to \$43m. Total trade with East Germany, at \$69.8m, represented a drop compared with trade in the first half of last year, which was worth \$73.9m.

British traders complain about a lack of any important East German orders which could boost mutual trade and they are reported to be increasingly reluctant to even bid on East German projects because of the

## Further decline in British-GDR trade

BY LESLIE COLLIT

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British traders complain about a lack of any important East German orders which could boost mutual trade and they are reported to be increasingly reluctant to even bid on East German projects because of the

apparently poor prospects there. A recent blow to British hopes of boosting trade with the GDR came last month when Citroën was awarded a contract, over £100m worth, to build a plant in East Germany to produce front-wheel-drive cars. The transmissions are for a new East German car yet to be built and for export to Czechoslovakia. The GKN offer is said to have lost out because of the large number of transmissions Citroën guaranteed to buy back from the GDR in payment for the plant.

## Dutch tachograph row

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 19.

THE TACHOGRAPH, officially introduced in Dutch lorries from April this year after fierce initial resistance from both employers and drivers, is still causing problems.

The Government's Commission for Transport Licences (CVV) in The Hague has banned four international lorry companies from driving for the last two weeks of August.

All were found guilty of improperly using the tachograph, which measures driving hours to make sure they do not exceed the legal maximum, and of some other irregularities in the payment of wages.

The move, which is regarded as a very severe one, is thought to have been designed to frighten the many other lorry companies where the tachograph rules are not properly adhered to. The companies, published employed over a hundred people, mostly drivers.

It is understood that the CVV Commission, which is linked to the Dutch Transport Ministry, has been told that the tachograph rules are not adhered to in over 300 lorry-operating companies all over the country.

There are problems with companies operating nationally.

The report and accounts were adopted.

## Brazil agrees oil-car swap with Algeria

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 19.

Volkswagen's Brazilian subsidiary, Volkswagen do Brasil, has obtained an order for 24,000 vehicles from the Algerian state agency Sonacome, a VW spokesman said.

In return, Algeria will provide crude oil worth \$82m to the Brazilian Government, which will then pay Volkswagen do Brasil cash, reports Reuters from Frankfurt.

## USSR proposes Japanese pact

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 19.

Soviet Vice Foreign Trade Minister Mr. Yuri Leonidovich Brezhnev has proposed that Japan and the Soviet Union agree to a long-term trade agreement to strengthen their economic relations, according to Japanese officials.

Mr. Brezhnev, the son of the Communist Party leader, Mr. Leonid Brezhnev, made the proposal when he paid a courtesy call on Mr. Toshio Kamekura, the Japanese Minister of International Trade and Industry, reports AP-DJ from Tokyo.

MITI sources said the Soviet Union might want to conclude "an economic co-operation agreement" with Japan like that which it concluded with West Germany last May.

Japan-Soviet two-way trade totalled about \$3.3m last year.

## Kenya credit rules

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 19.

KENYA'S CENTRAL Bank has announced new credit restrictions, and commercial banks operating in Kenya have been told to cut the volume of their lending by 10 per cent, the Bank's governor, Mr. Duncan Ndegwa, has announced in Nairobi.

He said the measures were necessary to cut the volume of money in circulation, which rose by 37 per cent last year, because Kenya faced heavy import bills this year.

The country will have to import 60,000 tons of sugar to supplement local production, and 30,000 tons of wheat, because the local wheat crop has largely failed this year.

Mr. Ndegwa said banks had been instructed to restrict their lending outside the priority sectors of agriculture, manufacturing and tourism.

## £3m order for Davy

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 19.

GEC Electrical Projects has received from Davy Powergas an order valued at over £3m for the design, engineering, supply and delivery of electrical equipment for use in two methanol plants to be constructed in the USSR.

The sites for the twin plants, each of which will be capable of producing 2,500 tonnes per day, are at Gubaha in the foothills of the Ural Mountains, and at Tomsk in Siberia.

The plants will be the largest of their kind in the world, and between them will make available to USSR 20 per cent of the world's total production of methanol. Half of the output is expected to be used for making formaldehyde for the building industry and the remainder will probably be used for solvents, fibres, anti-freeze, explosives, herbicides, insecticides and protein manufacture.

GEC Electrical Projects is responsible for the design, engineering and co-ordination of the electrical package which includes distribution and control equipment.

## W. German rail loan

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 19.

West Germany and Kenya have signed an agreement under which West Germany will finance the purchase of eight new diesel locomotives for Kenya Railways with a DM 13.7m soft loan.

The West German Government is offering to finance new equipment for Kenya Railways for the first time. Other loans for telecommunications equipment and rolling stock are expected soon.

The new loan is payable over thirty years, with a ten year grace period, bearing interest at two per cent.

## Yugoslav Burma loan

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 19.

Yugoslavia has agreed to provide a \$70m loan to help build Burma's first copper smelting plant, reports Reuters from Rangoon.

The funds will be repayable at four per cent over 15 years after a four year grace period. The Burmese Government is also drawing up plans to set up a copper refinery possibly with Yugoslav co-operation.

## Daimler-Benz won a DM 19m order to supply 100 buses to Zambia.

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 19.

The contract also provides for training Zambian mechanics and equipping workshops to maintain the buses, reports AP-DJ from Stuttgart.

RAS

RIUNIONE ADRIATICA DI SICURTÀ

MILAN, ITALY

Salient points in the 1977 Annual Report and Accounts adopted at the Annual General Meeting of Riunione Adriatica di Sicurtà, held on 12th July 1978 were:

- A considerable improvement in underwriting results in virtually all branches;
- An asset base which fully reflects the E.E.C. requirements for solvency margins in insurance companies;
- An increase in technical reserves held as security for commitments to policyholders;
- Premium income in the Company amounted to Lit. 3,317 bn. (£ 200 m.), represented as to 42% by business written in Italy and as to 58% by foreign insurance business and reinsurance;
- Premium income in the entire RAS Group, consisting of nine insurance companies in Italy and twenty-two in other countries, rose by 16.5% to the equivalent of Lit. 1,182 bn. (£ 712.6 m.).

The Annual General Meeting approved a proposal to declare a dividend of Lit. 7,000 per share (1976: Lit. 800) payable as from 19th July 1978.

As Extraordinary Business, a proposal to increase the Company's share capital from Lit. 9.6 bn. to Lit. 19.2 bn. (£ 11,573,586) was also approved on a scrip basis by increasing the par value of the 1,920,000 shares in circulation from Lit. 5,000 to Lit. 10,000.

## HIGHLIGHTS OF ACCOUNTS (£)

RAS ONLY, DOMESTIC AND FOREIGN BRANCH OFFICES

	1977
Premium Income	199,967,655
Investment Income	26,506,023
Claims, Maturities and other Benefits paid	104,408,603
Insurance Reserves, Non-Life Branch	123,018,072
Insurance Reserves, Life Branch	239,291,439
Life Sums assured	1,928,484,507
Share Capital	5,786,793
General Reserves	46,819,405
Profit for the year	1,193,927

## PREMIUM INCOME OF THE RAS GROUP (ITALY AND ABROAD)

(millions)

	1973	1974	1975	1976	1977
	730	700	650	600	550
	500	450	400	350	300

## SALES OF THE RAS GROUP

Premium income breakdown in 1977 (in £)

RAS and L'ASSICURATRICE ITALIANA (in Italy and abroad)	360,447,376
Other Italian Group Companies	48,416,135
Foreign Group Companies	303,781,053
Total premiums	712,644,564
RAS Group Life Business, Total Sums assured	£ 3,293,529,051



## British-made TVs increase market share

BY JOHN LLOYD

BRITISH television manufacturers substantially increased their share of the UK market, while imports dropped over the first five months of this year.

Deliveries to UK distributors of colour television sets in this period totalled 535,000, of which 518,000—95 per cent—were British-made.

This compares with a total of 580,000 in the same period last year, of which 446,000 were British-made.

Imports of colour televisions dropped from 134,000 in the January to May period of 1977 to 119,000 now.

The picture is similarly buoyant for black and white sets.

Deliveries in the first five months totalled 433,000, of which 263,000 sets were manufactured in the UK. This compares with 424,000 last year, of which 170,000 were domestically made.

Monochrome TV imports dropped from 11,000 in the January to May period last year to 17,000 now.

Major factors behind the much-improved performance of British TV manufacturers are quotas on monochrome sets from Taiwan and South Korea, and the fact that imports were unusually high in both categories in the first half of last year.

The operation of the quotas meant that some 60,000 fewer black and white sets were imported from the Far East in the first five months of this year, while 15,000 fewer colour sets came from the Far East in the same period.

However, imports from the major supplier in the area, Japan, rose again in May. In other areas, fortunes were more mixed. Domestic audio equipment incorporating radios were up from 878,000 over the first five months of last year to 1,050,000 in the same period this year, and domestically-made equipment increased from 136,000 to 161,000 in that period.

However, portable radios declined from 2.1m to 1.6m in that period, with UK-made portables down from 174,000 to 91,000. Record players and record decks deliveries also declined sharply, from 210,000 last year to 138,000 in the first five months of 1978, while the UK share dropped from 91,000 to 81,000.

By far the sharpest drop has been in the tape recorder and tape deck market, where imported deliveries—there are no domestic deliveries—dropped from 839,000 in the first five months last year to 350,000 over the same period this year.

## Expansion plans for coal may be hit

Financial Times Reporter

THE DISPUTE between the National Coal Board and the Central Electricity Generating Board now shows signs of affecting the Coal Board's expansion plans.

Earlier this month, the generating board's corporate plan showed that it assumed a level of coal burn of around 70m tons annually by 1985 compared with the Coal Board's estimate of 80m.

During an inquiry yesterday into an application by the Coal Board to extract 255,000 tons of power station coal from a 175-acre open-cast site at Amerswood near Wigan, Mr. Denis McBride, a planning officer with the Greater Manchester County Council, said that the two authorities' plans appeared to conflict.

"It would seem that the CEGB would not be unduly concerned if the NCB target is not achieved and, quite apart from this, they are likely to burn substantially less coal than anticipated by the NCB because of the relative pricing of coal and oil," he declared. Coal at present shows about a 10 per cent price advantage over oil, and the Generating Board thinks that advantage—which barely compensates for the greater ease of use of oil—will not change substantially over the next decade.

## Growth of controls criticised by drug companies

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE PHARMACEUTICAL industry has renewed its attack on the Government over the increase of legislation controlling its affairs.

The association of the British Pharmaceutical Industry says in its annual report, published today, that concern is increasing over the continuing stream of subsidiary legislation being introduced under the 1968 Medicines Act.

Compliance with the regulations was taking up a "considerable amount of time and money which could well be put to better use without in any way prejudicing public safety."

Mr. Frank Goulding, president of the association and managing director of Pfizer, says in the report that unnecessary barriers to research and the development of new medicines must not be created.

Legislation was necessary in many areas of health care, but there was a danger "that legislation and regulations, whether national or international, become self-perpetuating and the pendulum can swing too far

so that instead of protecting and assisting patients and consumers, the opposite effect is achieved. Legislation then becomes detrimental rather than beneficial."

Total expenditure on research and development by the drug industry in the UK amounted to about £150m last year. This was expected to rise to about £190m in the next two years.

Output from the drug industry had increased by 57 per cent since 1970, compared with 25 per cent for the general chemical industry and 3 per cent for manufacturing industry as a whole.

The association estimated that drug companies were now spending about £70m a year on capital investment projects in the UK.

Overseas, Imperial Chemical Industries was spending \$25m to expand its pharmaceutical research facilities at Wilmington in the U.S. ICI was seeking entry into U.S. scientific and medical research circles to strengthen its ability to develop new drugs.

## Industry attracting more graduates

By Michael Dixon, Education Correspondent

A RISE in the proportion of new university graduates going into manufacturing industry is shown by statistics published by the Association of Graduate Careers Advisory Services.

Of a record total of 60,006 men and women gaining bachelor-level degrees at UK universities last year, nearly 12 per cent entered manufacturing, compared with just over 10 per cent of the 1976 total of 57,246.

However, manufacturing industry recruited only 4.7 per cent of the 31,024 who took arts and social studies degrees, whereas 5.6 per cent of them went into chartered accountancy.

On the science side, 19.4 per cent of the 29,042 total entered manufacturing, while only 1.9 per cent chose chartered accountancy.

University Graduates 1977. Central Services Unit, Precinct House, Oxford Road, Manchester M13 9EP; 85p.

## Occidental Oil finances wing

THE OCCIDENTAL Oil Consortium is to finance a new £100,000 wing for the Balfour Hospital in Kirkwall, Orkney.

Occidental operates the terminal at Flom, which serves the Piper and Claymore oilfields in the North Sea.

## Bamberg applies to fly cargoes

BY MICHAEL DUNNE, AEROSPACE CORRESPONDENT

MR. HAROLD BAMBERG, who owned the former British Eagle passenger and cargo airline, is now seeking to start a new all-cargo airline, Bamberg International Sky Carriers (BISK).

The Civil Aviation Authority began a public hearing in London yesterday into Mr. Bamberg's application for rights to fly all-cargo services, against strong opposition from British Caledonian Airways.

Mr. V. Slight, British Caledonian's legal representative, told the hearing that two other cargo airlines had recently been licensed, Air Falair and Sedimair Airlines. If the authority licensed a third it would be "demonstrating a total disregard for the future well-being of the cargo sector of the British air transport industry," he said.

"They would also be risking an excess in capacity which could bring about price cutting, aircraft under-utilisation and the forced withdrawal of some airlines, while investments of considerable sums in both the public and private sectors would be seriously jeopardised."

Such a situation would betray much of the trust placed in the CAA by the users and providers of current air cargo services," said Mr. Slight.

British Caledonian's representative contended that the recent rush to apply for air cargo licences appeared to be a ploy to beat the Government-imposed ban on the registration of non-noise certificated aircraft after September 30 this year.

British Airways and Transmeridian Air Cargo have also objected to the Bamberg application.

## Naval officer wins £25,000

A CHEQUE for £25,000 will be presented to a Royal Navy husband-and-wife team for their invention of the "Ski-Jump"—a take-off ramp to be fitted in Navy ships carrying Harrier aircraft. This is one of the largest ever made in Britain for a military invention, and will be presented by Dr. John Gilbert, Minister of State for Defence, tomorrow to Lt. Commander Doug Taylor.

Lt. Commander Taylor, 48, conceived and developed the "Ski-Jump" launching device for use initially with Sea Harrier VSTOL aircraft. It is essentially an upward-curving runway which

at take-off imparts an upwards semi-ballistic trajectory to the aircraft. It enables a larger weapon or fuel load to be carried, with a shorter deck run for take off. As an added bonus, the device introduces a significant safety margin.

The invention has been compared with other great British naval aviation advances, such as the angled deck, steam catapult and mirror landing sight. It will be fitted initially in ships of the Invincible class. But its use may be extended to land-based or even commercial operations. The award of £25,000 is an interim VSTOL award. It is essentially one, in view of the as-yet unassessed benefits.

## HOME CONTRACTS

### Diesel engine test cells

AUTOTENSE EQUIPMENT INC, Bicester, Oxon, has won a £1.2m contract from Perkins Engines to provide 25 automated computer-controlled test cells for the production testing of the full range of Perkins diesel engines.

Autotense Equipment, a subsidiary of United Technologies Corporation of the U.S., will act as project manager for engine test cells with responsibility for the supply, installation and commissioning of all the equipment involved in testing except the engine conveyor system and civil engineering. Work has already started on the test systems; all 25 test cells should be operational by mid-1979. Individual engine testing will be controlled from a remote console, with the sequence programmed by digital computer. The computer will provide a printed read-out describing the performance of each engine.

A contract valued at £250,581 has been awarded to ALEXANDER RAIL AND SON (BUILDERS), a member company of Aberdeen Construction Group, for the construction of three warehouses, along with associated site works, for the Teeland Development Company at Woodside Road, Bridge of Don, Aberdeen.

A contract for £230,000 worth of transformers and switchboards for British Rail (Southern Region) has been received by BRENTFORD ELECTRIC, Crawley, Sussex (a member of the Low and Bonar Group). The equipment will be used as power supply for re-signalling the Victoria area.

BOVIS CONSTRUCTION is carrying out structural alterations at 184-182 Oxford Street, London, W.1, formerly the site of the Waring and Gillow store, under a £220,000 contract awarded by the United Kingdom Provident Institution. It calls for the completion of the work in ten weeks to form four shop units within the recently reconstructed building behind the familiar Waring and Gillow facade.

JUNTER BROTHERS, Northallerton, main transportation contractor, and L.T.M. (OFFSHORE), Huddersburgh, have joined forces to secure a £1m order for the transportation of 46 pipeworks and their associated support equipment and pipework from the fabrication yards to Sullom Voe. Work has started and will continue throughout the year. The contract was awarded by Con-

tractors John Brown, main contractor to BP Petroleum Developments, for the processing facilities of the Sullom Voe Terminal in the Shetlands.

A paint contract for the Marchion Field production platform which is to be sited 120 miles north east of the Shetlands has been awarded to MERON, Sutton-in-Ashfield, Notts. It was placed by Conoco North Sea Inc, operator of the field for the Conoco/BIOC/C.N.V. Group, and could exceed £250,000.

ACALOR INTERNATIONAL, Crawley, Sussex, has a contract worth over £250,000 from the Directorate of Navy Contracts (Supplies) Procurement Executive, Ministry of Defence, Bath, for an electroplating and process plant for a new playing ship at R.N. Aircraft Yard, Farnham, Gosport.

FERRANTI INDUSTRIAL COMPONENTS GROUP, Dalkeith, has won a contract worth around £75,000 to supply complete encoding systems to Simon-Carves. The encoders are destined for tyre manufacturing plants situated in the USSR at Belaya Tserkov and Voronezh. The systems will be incorporated in production weighhead equipment supplied by Simon-Carves (a subsidiary of Simon Engineering) the main plant contractor, on behalf of Technomastimport.

ELECTRONIC CALCULUS has been awarded the consultancy contract for computerised analyses using specifically designed programs, for all the structural and design work done by Global Technical Services for the steel platform to be erected in the shallow waters of the Gorm Field of the Danish North Sea. The extraordinary analyses are specifically designed to check the platform (planned life of 25 years) for environmental loads of wind, waves, current, scour, tides, ice loading, piling, marine growth and fire rating, etc. Global Technical Services, the British arm of Global Engineering International, are under contract to Danber which is the operating section of the Danish consortium consisting of Marex, Texaco, Shell and Chevron.

VITAVOX has the contract to renew the public address system at Wembley Stadium, which will need over 230 loudspeakers of different varieties.

## Women's Employment Opportunities?

As part of an EEC survey, the Manpower Services Commission is undertaking a review of programmes in the UK which offer long term improvements in women's employment opportunities.

They would like to hear from anyone, whether an employer or not, who knows of a local programme or scheme which currently helps women to—enter jobs or careers traditionally the province of men, or—obtain more demanding, more responsible, better paid employment, or—enter, or re-enter employment more easily.

Any such programme must include an element of training.

If you know of any such programme, will you please contact:

Mrs. M.C.R. Alexander, Survey Unit Manpower Services Commission (Training Services Division) 95 Wigmore Street, London W1B 9AA Telephone: 01-486 6688

Training Services Division

MSC Manpower Services Commission



## There's more than one way of checking data accuracy

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## HOME NEWS

# Attack on subsidies for shipbuilding

BY OUR INDUSTRIAL STAFF

THERE WOULD be swift and vehement reaction from British shipbuilders if the Government subsidised the building of more ships for foreign countries such as Poland which would be in direct competition with British ships. Mr. Ronnie Swaine, president of the General Council of British Shipping, said yesterday. A second Polish order for six bulk carriers was understood to be a possibility to provide work for under-utilised yards of British shipbuilders. Mr. Swaine said Polish shipowners would again be "highly critical if this went ahead."

He called for an end to the subsidies that could cripple the merchant fleet of free-enterprise nations. British shipping was now at the crossroads and free and fair competition was a thing of the past, he said, launching the British Shipping Review for 1978.

The regime for shipping had changed over the past decade. There was now the threat from the underpricing of freight rates by the Comecon countries. Shipping policy in the U.S. was getting more and more incompatible with that of the rest of the free world and many countries were now resorting to protectionism as freight rates slumped.

One fifth of all the world's dry cargo ships were now surplus to market requirements and a quarter of the world tanker fleet was idle. Foreign governments by subsidies and rate cutting had intervened in the affairs of the British merchant fleet, he said.

"It is high time the British Government began intervening with new powers and the will to implement them in concert with other nations."

British shipowners did not want any government to give funds for ships for which there was no commercial need, in order to save shipping jobs. Market forces should be allowed to have their effect on merchant fleets.

Mr. David Ropner, vice-president of the council, said the average British bulk carrier of 28,000 deadweight tonnes was now barely covering its operating costs because the level of freight rates was so low. There was no money left from income to cover depreciation or to pay interest on loans outstanding.

The British merchant fleet carried twice as much cargo between two countries as to and from Britain, the president said. "Governments should bear this in mind when subsidising British shipbuilding which has accounted for only three to four per cent of world capacity."

# Silver Line owners wary of buying more British ships

FINANCIAL TIMES REPORTER

THE VLASOV Group which took over the British Silver Line shipping company yesterday is to look "very closely" before ordering any more ships in Britain, Mr. Renato de Paolis, Silver Line managing director, said last night.

The Vlasov Group ordered five 56,000-tonne bulk carriers from Cammell Laird's Birkenhead yard in May, 1973, for almost £50m. The last vessel, the *Alvanus*, was launched yesterday.

Each ship was delivered up to 18 months late. "It would have been quicker and cheaper to buy them off the peg in the Far East," he said.

The announcement of the acquisition of the Silver Line coincided with the launch. Silver Line was formed in London in 1923 and in 1971 became part of

Shipping Industrial Holdings. This was acquired in 1974 by Navcot Shipping (Holdings) on behalf of the Vlasov Group and Capitalin, another holding company, giving Vlasov a 50 per cent interest in the Silver Line British fleet.

The latest take-over gives Vlasov the entire interest in Silver Line's British fleet. Vlasov already owns a diversified fleet of more than 40 ships, including product tankers, chemical tankers, cargo vessels, Very Large Crude Carriers and three cruise ships.

The total fleet of 2m dwt is Britain's second largest, excluding the fleets owned by oil companies.

The group is managed by Mr. Boris Vlasov, son of the Russian exile who founded the company in 1937.

# Housing prices rise more slowly

By Michael Cassell, Building Correspondent

HOUSE PRICES are now rising only about 1 per cent a month and the increase rate could fall further in the coming months, according to the Nationwide Building Society.

The Nationwide says that the housing market has stabilised after an average 9 per cent rise in prices recorded during the first six months of this year. Last year, average prices increased by about 8 per cent.

Mr. Leonard Williams, chief general manager of the society, said that an average rise of less than 1 per cent a month was possible during the remainder of this year, although much depended on the future course of the economy which were at present rising at about 14 per cent a year.

It would never be clear whether the Government inspired limitation on building society lending in the second quarter had any braking effect on prices, nor to what extent the successive decreases in the mortgage rate last year were responsible for the price rises.

Societies were intending to limit overall lending again in the third quarter—at higher levels than in the previous three months—but such restrictions would be hopefully soon removed.

"They operate very crudely in terms of their effect on the housing market."

Societies have to support the whole housing market and cannot concentrate reductions in lending on any particular part of it without detriment to other worthy applicants.

Mr. Williams said he expected mortgage rates to end 1978 to home buyers this year, involving around three-quarters of a million purchasers.

By the mid-1980s societies would be providing 10m loans annually.

Nationwide assets have now exceeded £3bn and grew by 8.3 per cent in the first six months of this year, against 10 per cent during the same period in 1977 and 23.1 per cent during the whole of last year.

From January to June 1978, the society approved over 38,000 loans totalling £412m. It was now approving £70m of loans a month.

# Thatcher offers arts praise but not cash

By Our Arts Editor

STRONG support for the arts came yesterday from Mrs. Margaret Thatcher when she addressed a one-day London conference on the arts organised by the Tory Party.

She concentrated on the contribution of the arts to the quality of British life rather than on any proposals for increasing government aid.

Mr. St. John Stevas, the shadow arts spokesman, was more specific. "I do not want the arts to be a party political issue but I do want them to be a political issue. People all over the country should have the opportunity of insisting to their candidates that the arts should have a higher priority than they have had in the past and should put the political parties on their mettle as to what they will do to promote the arts," he said.

Lord Annan warned against excessive spending on new buildings. He said that the majority of public cash support should go to the artists themselves.

# Exchange floor open-days

THE LONDON Stock Exchange floor was opened to the public yesterday between 5 pm and 7 pm and will be opened at the same time next Wednesday.

The exchange has two open days each year and this year the days have been arranged to coincide with the City of London Festival.

Some brokers and jobbers took to the floor on these occasions to answer visitor's questions.

# Small traders protest

Association has protested that employers will now be paying five-ninths of the weekly contribution instead of just under half as previously.

This, it claims, is to make up for the island government's grant towards the cost of social insurance being reduced from 41 to 35 per cent—a charge rejected by the insurance authority, which says that the two factors are quite unconnected.

The small traders and the self-employed have said that the new rates of contribution will force them to lay-off staff or even close.

A factory worker earning £80 a week will pay £3.04, they add, whereas the small grower, farmer or milk retailer will pay £6.94.

Mr. Eric Bodman, president of the insurance authority, has replied that this principle has been accepted since Guernsey first introduced social insurance in 1955 and that a higher contribution is a price that has to be paid for the privilege of being one's own boss.

# Gas corporation urged to speed Morecambe plan

BY RHYS DAVID, NORTHERN CORRESPONDENT

THE BRITISH Gas Corporation is being urged to speed its programme for bringing gas ashore from the new Morecambe field in the Irish Sea to give supply for coastal towns in the North West and Merseyside, in particular, a chance to win orders quickly.

The corporation disclosed this week that its discovery 20 miles off Morecambe, made in 1974, contained a commercially viable two to three trillion cu. ft. of gas. A study of how and where the gas can be brought ashore is about to begin.

Sites have already been pinpointed as possible landing points—Connah's Quay in Clwyd, near Southport, Lancashire, and two locations in the Lune Estuary, also in Lancashire.

But the total number of permanent jobs likely to be created will probably be limited and the spin-off to the local economy will not be great.

A much greater impact could be made if the region succeeds in winning a significant share of the orders for equipment and services required to bring the gas ashore.

In one of the earliest responses, Sir Kenneth Thompson, Merseyside County Council chairman, has called for early development of the reserves.

# Equipment

Among ideas likely to be put to the corporation are for the off-take from North Sea fields to be slowed, so that Irish Sea supplies can be phased in earlier.

Such a move, it is suggested, could create orders which local suppliers of offshore equipment on Merseyside—a number of which are grouped in a consortium—could bid for, helping to create new job opportunities.

Unemployment in the area

stands at 12.6 per cent, or near 100,000 people.

The corporation has not disclosed its timetable but thought to be considering 1980 for construction of the production platforms and pipelines.

The total development, including the terminal for treating the gas, is likely to be ready to supply the national grid from the mid-1980s, and is expected to cost several hundred million pounds.

Pressure for swifter action is certain to be regarded by the corporation as premature, since its own inquiry has yet to make clear the size of the problem involved in getting the gas ashore.

Though the gas is in relatively shallow water and less of a barrier problem exists, off Britain's West Coast than in the North Sea, shifting sandbanks in the Irish Sea could create major pipeline route problems.

Another problem is the greater concentration of population along the western seaboard which limits the possible locations for the 300-acre terminal site.

In deciding how or when to use the gas from the Irish Sea, the corporation has some extra room for manoeuvre as sole owner of the field through its exploration subsidiary, Hydrocarbons GB.

The Merseyside authorities are also putting forward Liverpool's case as the shore base for servicing the production platforms during and after construction but there is certain to be competition from other ports in the area.

Fleetwood has been the main base for exploration activities in the area. It is likely to see servicing of offshore as installations as an important new activity to help cushion the decline in its fishing trade.

# Payments for councils hit by steel closures

BY ROBIN REEVES, WELSH CORRESPONDENT

LOCAL AUTHORITIES hit by the British Steel Corporation's steel plant closures are to be compensated for the loss of rates income by the Government.

Mr. Morris said he hoped that this tangible form of support would help solve the problems caused by the closures and give the councils stability of income.

Besides this aid, which relates to the East Moors and Ebbw Vale closures, compensation is also being paid in respect of the devised whereby the Government Hartlepool closure.

# British paintings fetch £12m

A SALE of British paintings did not get off to a very promising start yesterday, but by the time the auctioneer had addressed a one-day London conference on the arts organised by the Tory Party, the picture market was well on its way to a record price of £38,000 for a portrait by Sir Isaac Newton.

Mr. St. John Stevas, the shadow arts spokesman, was more specific. "I do not want the arts to be a party political issue but I do want them to be a political issue. People all over the country should have the opportunity of insisting to their candidates that the arts should have a higher priority than they have had in the past and should put the political parties on their mettle as to what they will do to promote the arts," he said.

Lord Annan warned against excessive spending on new buildings. He said that the majority of public cash support should go to the artists themselves.

Hyde Park Corner—an engraving that fetched £40,000.

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# Saleroom

BY ANTHONY THORNCROFT

and trade out in force. Many of the sale's top lots went to Austrian and German purchasers.

The sale totalled £91,929. A private overseas collector paid £3,500 for a pair of late 17th century flintlock holster pistols by Claudio Beretta of Brescia.

Purman was one of the small group of early scientific instrument makers centred on the Bavarian district court in Munich.

A sale of antique arms and armour, also at Christie's, saw Continental buyers both private and public.

Another high price was the £14,000 paid for John Gromé's *A Woodland Scene with Sheep* near Norwich. Leggett, bidding on behalf of the National Portrait Gallery, gave £3,500 for a portrait of Charles Jenkinson, the first Lord Hawkesbury, by George Romney. All prices carry a 10 per cent buyer's premium.

At Christie's, South Kensington, radio equipment and mechanical music, totalled £33,097. A rare musical praxinoscope sold for £2,300 while a key wind overture musical box by Nicole Freres, not in working order, realised £1,700.

A rare gilt metal chalice sundial from Germany made £24,000 yesterday in a sale at Christie's of scientific instru-

## COMMONS EXPENDITURE COMMITTEE

# Regional aid programmes 'help boost industry'

BY MICHAEL CASSELL

PROGRAMMES of regional and selective assistance to industry are "a useful contribution" to modernisation and regeneration of industry, says the latest report from the House of Commons Expenditure Committee.

The committee emphasises that the schemes cannot hope to rival in scale and importance proper timing and extent of macro-economic measures, national and international, to reflate the economy.

Nor, it adds, do they diminish the efforts which industry itself must make to improve its performance to a point where its productivity matches that of its competitors.

The committee says that Parliament needs to be put in a position to assess the effectiveness of the programmes more accurately, and calls for results of studies of their operation to be provided as they become available.

# Workless problem

The committee specifically examined operation of regional development grants; selective assistance to industry and to individual operations; and future industrial support.

It stressed that the items selected, costing £684m in the current year, were an important element in efforts to get the economy moving from a long-term growth of 2½ per cent in cross domestic product to the 3½ per cent required to achieve even a gradual reduction in unemployment.

A major cause of concern for the committee involved the way in which future expenditure forecasts for regional and selective industrial assistance were compiled and presented in public expenditure White Papers.

It said it had been struck by the contrast between an apparent tapering-off of overall assistance forecast up to 1981-82, and the description provided in evidence

from Sir Peter Carey, Permanent Secretary, Department of Industry, of the "formidable problem of regenerating manufacturing industry" which Government aid was designed to assist.

The committee said it found it hard to accept the prospect of a diminishing level of selective assistance after 1979-80, as projected, when the importance of this type of aid was generally accepted.

The explanation of such a discrepancy appeared to lie in the basis on which the relevant figures were calculated and presented.

Attempts were not made, during compilation of White Paper

expenditure forecasts, to anticipate events. The forecasts were based on schemes "in existence or in mind."

According to the committee, the result was that what a White Paper presented as a decline in projected expenditure could be an increase.

"If a White Paper purporting to forecast total Government expenditure is to have any meaning, trying to anticipate events of the years in question—or at least trying to make the best possible estimate of the expenditure that is going to be needed in each field—is precisely what each contributing Department ought to be doing."

# Housing information calls 'rejected'

CALLS FOR further improvements in the scope and availability of Government information on housing expenditure have been largely rejected by the Government, according to the Expenditure Committee.

Previous recommendations by the committee led to improvements in the presentation and scope of housing expenditure information.

The committee re-examined three areas where previous recommendations "met with cloudy or negative answers"—the amount of accommodation provided or improved as a result of expenditure in previous years, the likely product of planned expenditure and the publication of an annual Housing White Paper.

The annual White Paper would gather information, much of which is already available but dispersed among a variety of official publications, and would

be read in conjunction with the Public Expenditure White Paper. The Government has not offered to provide information concerning new accommodation arising out of previous and projected expenditure, and says that a Housing White Paper is not desirable.

Ministers have held out the prospect of a special unit within the Environment Department to accumulate and provide information on housing expenditure and its results. But they have given no indication of how regularly, to what extent or in what form additional information would be made available.

The committee says that many of its earlier recommendations concerning the flow of information on housing expenditure had been accepted and had resulted in an improvement in the presentation of housing information in the Public Expenditure White Paper.

# U.S. bars Arab data for Lords inquiry

BY MAURICE SAMUELSON

THE U.S. Government has refused to supply key evidence to a House of Lords Select Committee about the economic effects of recent U.S. legislation aimed at curtailing the Arab boycott.

The committee, studying a Bill modelled on the U.S. legislation, will have to prepare this central part of its report largely on the basis of evidence from other sources.

Supporters of the Foreign Boycotts Bill, sponsored by Lord Byers, the Liberal peer, believe that U.S. evidence may have been withheld out of consideration for the Government, which opposes the Bill.

Mr. John Holmes, Economic Counsellor at the U.S. Embassy in London, said that the British Government had not involved itself in the U.S. Congressional Administration had not complied with the request because it had not yet "got a fix" on the legislation's last after-effects.

In America it was not common for foreign government officials to testify before Congressional committees, he said. But the U.S. had supplied "basic documentary information" on the legislation.

The committee had asked in April for both written and oral evidence from U.S. officials into the repercussions of the U.S. Administration Act's 1977 amendment, designed to prevent companies engaged in U.S. business from complying with the Arab boycott.

The committee indicated informally that it would like to hear from Mr. Stanley Marcus, senior Deputy Assistant Secre-

tary in the U.S. Commerce Department, whose responsibilities include Arab boycott affairs.

Effects of the American legislation have been a central theme in the hearings of the committee under the chairmanship of Lord Redcliffe-Maud.

Opponents of a Bill in Britain have nearly all claimed that it was premature to draw conclusions from continued growth of U.S. business with the Arab world, in spite of predictions that it would suffer drastically if legislation were enacted.

Supporters of the Bill claimed that the U.S. experience disproved the similar fears expressed there about the dire effects on trade with the Arab world if it became law.

Last month, Mr. Daniel Halperin, an Israeli Finance Ministry official, told the committee that American officials were "delighted" to find that the Saudi Arabians took "a very reasonable approach to the new regulations."

He added that Mr. Marcus, whom he had met in Washington a few days earlier, would be happy to supply evidence to this effect if invited to do so.

After publication of Mr. Halperin's evidence the committee again told the Embassy of its desire for comments about this from Mr. Marcus.

There is still no sign of evidence from him. The committee has been told that Mr. Halperin overstated Mr. Marcus's assessment.

# Call for management pay policy body

BY JASON CRISP

THE British Institute of Management wants to see an official body set up to help determine "pay moderation policy," according to the Managers Manifesto 1978, which it published yesterday.

Sir Derek Ezra, chairman of the institute, called for an urgent public debate and a Government Green Paper on the basic rate of income tax to below 30 per cent and top marginal rate to 60 per cent or less.

It calls on the Government to encourage greater contact between industry and schools and to give priority to providing educational and training needs which meet the requirements of industry.

The MSL index of executive demand published yesterday shows a fall of 4 per cent during the second quarter this year. The index which is based on continuous monitoring of advertisements for senior executive, professional and technical staff shows a slightly higher demand for senior management over a 12 month period.

Among its main recommendations are for managers to have much greater representation in industrial and economic policy.

Through the BLM, managers should be represented on the National Economic Development Council. And the institute calls for greater consultation on economic policy, so that it is seen on a par with the CBI and the TUC.

The manifesto wants a reduction in the overall burden of taxation including reducing the basic rate of income tax to below 30 per cent and top marginal rate to 60 per cent or less.

It calls on the Government to encourage greater contact between industry and schools and to give priority to providing educational and training needs which meet the requirements of industry.

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# By-pass opens next month

BISHOPS STORTFORD by-pass is to be opened on August 24 by Major Arthur Hughes, chairman of Hertfordshire County Council.

Work on the viaduct section of the by-pass is now virtually completed, but the project has taken longer than expected, mainly because contractors had problems with a concrete span on the viaduct.

The by-pass runs from the A120 on the western approach to the junction of the A11 at the Birchanger roundabout, leading to the M11.

# Guernsey insurance scheme protest

BY OUR OWN CORRESPONDENT

TRADE UNIONISTS, small traders, hoteliers and the self-employed will be making common cause in Guernsey tonight at a meeting called to protest against an earnings-related social insurance scheme due to be introduced in the island on January 1.

The legislation passed through its final stage in June. Votes are being raised on all sides against the scheme, and local MPs are under growing pressure to bring the whole issue back to the island Parliament.

The Guernsey Council of Trades Unions and Associations has come out strongly against the scheme.

One branch of the Transport and General Workers Union has asked its district committee to organise united resistance by its 4,000 local members.

Other opponents include growers' organisations and the Guernsey Fishermen's Association, which has described the new social insurance scheme as "a danger to the very roots of our society."

The scheme is based on the

same principle as one introduced in Jersey in 1973—that of using a States grant to subsidise the contributions of the lower-paid, including the self-employed, while requiring the better-paid to meet the full cost themselves.

Guernsey's Insurance Authority has explained that the basic reason for the change is that, under the existing scheme, the flat-rate contribution needed to fund adequate benefits is beginning to press too heavily on the lower-paid.

The contribution rate has been fixed at 8.5 per cent of earnings, including 1.5 per cent to cover the island's limited health service.

Of this, the employer will pay 4.7 per cent and the employee 3.8 per cent. The rate for the self-employed will be 8.3 per cent.

Based on an initial upper earnings limit of £117 a week, this means that at the ceiling rate the employer's weekly contribution will be £5.50, the employee's £4.45, and a self-employed person's £9.71. This compares with £2.50,

£2.52, and £4.84 respectively at present.

The rates of benefit are being increased to give a married couple an old-age pension of £32.00 a week (against £27.50 at present), and unemployment and sickness benefit of £27.50 (against £23.50).

The unions' main grievance is that their members will now have to pay earnings-related contributions to their gross earnings, including overtime and bonuses, so that in many cases they will have to find nearly £2 more a week.

The authority has said that the maximum contribution rate is the unsubsidised "commercial" premium for the insurance obtained.

But the unions also want to see the upper earnings limit abolished and those earning more than £117 a week levied according to their salary.

The resulting "surplus" they say, should be used either to reduce contributions further for lower-paid or to improve benefits.

The Guernsey Growers

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سازمان تبلیغات



## Westland manual workers vote to end piecework

BY PHILIP BASSETT, LABOUR STAFF

ANNUAL WORKERS at Westland Aircraft's helicopter factory Yeovil yesterday voted to end the end of piecework, which the company had blamed for jeopardising the future of helicopter manufacture at the plant.

The company has now withdrawn its warnings of the dismissal of 5,000 manual workers sent out to the works last month, after attempts to negotiate a new agreement to replace the piecework system broke down.

Senior shop stewards decided to recommend acceptance of the company's latest offer, which is geared to the abolition of piecework system. A mass meeting of about 1,500 manual workers voted yesterday by 4-1 in the offer was fully accepted.

The new offer, which union officials believe is a considerable improvement on the company's previous position, involves a flat rate of £38 a week on

which overtime and shift payments will be based.

A further 5 per cent will be paid between August 11 and September 30, when there is a commitment by the company to bring in a new bonus scheme which could give 10 per cent of earnings if the workforce can achieve 100 per cent of the company's turnover within present labour costs.

The offer appears to involve some reduction in average earnings.

The unions believed that a rejected earlier offer, which would have given a skilled worker in the middle range £24.55, would have meant a wage cut for some skilled workers of up to £12.50 and as much as £23 when a £10 sliding supplement in the offer was fully accepted.

Better provisions for sick pay, pensions and insurance schemes are included in the offer accepted yesterday.

Lateness will not automatically mean a dock in pay, though

money will be taken from overtime earnings for consistent lateness.

Union leaders at the plant are not happy with the offer, but in the face of the dismissal threats drawn-out industrial action which might have achieved little more as the only alternative to accepting it.

They warned yesterday, though, that if the new incentive bonus scheme was not brought in on October 1, an overtime ban would be imposed.

Westland has maintained that the piecework system had become too costly to operate in terms of earnings and by eroding the morale of white-collar staff.

The rising wage bill was not matched by increased productivity.

Last month, the company announced it was forcing an interim dividend and that profits in the present year were likely to be disappointing because of the pay problems at Yeovil.

## Post Office threat to revised guidelines

By Our Labour Editor

THE GOVERNMENT'S White Paper Phase Four guidelines, due out tomorrow, could face a challenge almost immediately from the Post Office engineers in their 10-month-old battle for a 35-hour week.

Lord McCarthy, the industrial relations expert from Nuffield College, Oxford, appointed by the Government to look into the dispute, meets the Post Office Engineering Union and the Post Office this evening.

The White Paper wording on conditions under which a shorter week can be negotiated in the next 12 months will be crucial.

Lord McCarthy's recommendation will go to Mr. Eric Varley, Industry Secretary, and other Ministers, for consideration in the light of the new policy, which is expected to stress that there should be no increase in unit costs as a result of shorter hours.

CBI officials have been concerned that a weak statement on hours would lead to reductions that the economy cannot afford. The POEU argues that its claim would merely give parity with other telecommunications grades and need not spread outside the Post Office.

In the Post Office itself, the Civil and Public Services Association also said to be looking for shorter hours for its staff members, and the Union of Post Office Workers has warned that concessions to the engineers will be sought by them.

Meanwhile, the effect of the engineers' industrial action continues to mount. The Post Office said yesterday that 120,000 people are now waiting for telephone connections and 900 exchanges are affected. At the end of last month, the figures were 90,000 and 800.

## Opera goes ahead as chorus stays out

By Our Labour Correspondent

THE ENGLISH National Opera is preparing to open the new season at the London Coliseum next week without its chorus because of a pay dispute.

Performances of The Magic Flute and La Bohème will go ahead without the chorus, which has not started rehearsals because of the dispute.

However, scheduled performances of Carmen have been withdrawn and will be replaced by a new production of Menotti's The Consul, which will have its first night on August 12.

The English National Opera said yesterday that negotiations on rates of pay for the new season had been in progress for several weeks and agreement had been reached with most groups by the start of the rehearsal period.

At the time, the chorus, however, had not accepted a 10 per cent pay offer made "more attractive by the addition of a productivity deal" which had been approved by the Department of Employment.

It was a matter of "great regret" that the executive of Equity, the actors' union, had now announced that an industrial dispute existed and that no member of the union could accept a job as a chorister with the opera company.

## Seal Sands plants shut by Monsanto

By Sue Cameron

MONSANTO, the U.S.-based chemicals group, has shut its acrylonitrile and nylon intermediates plants at Seal Sands in Tessaide because of an industrial dispute with production workers.

The dispute, involving members of the Transport and General Workers' Union, is over the payment of extra money during shift changes. Ten men banned all overtime working at the plant last Friday and at the weekend Monsanto shut it completely in the interests of "safety and efficiency." A total of 45 workers were affected.

The resulting shortage of acrylonitrile forced the company to shut its nylon intermediates plant at Seal Sands on Tuesday night. This has led to a further 50 men being put out of work although they are not in dispute with Monsanto.

After the closure of the acrylonitrile plant, members of the TGWU picketed the construction site at Seal Sands and all 1,400 construction workers walked out. But yesterday Monsanto said it was expecting the construction workers to return to work tomorrow.

## Engineers will fight universal pay limit

By Our Labour Staff

REPRESENTATIVES of professional engineers in the power industry have told the Government that they will fight any attempt to impose a universal pay limit on its next round of wage negotiations.

Mr. John Lyons, general secretary of the Engineers' and Managers' Association, has given an 11-hour warning to the Government ahead of the expected publication of the White Paper on pay at the end of this week.

Mr. Lyons has told the Prime Minister that the union will treat the restoration of differentials in the industry as a priority.

In a letter to Mr. James Callaghan, Mr. Lyons has also warned the Government that the Electrical Power Engineers' Association, a constituent group of the Engineers' and Managers' Association, opposes totally any suggestion of special provision for the reduction of industrial workers' hours from which white-collar workers could derive no compensating benefit.

## Key bid to resolve Chrysler dispute

BY OUR OWN CORRESPONDENT

MR. MOSS EVANS, general secretary of the Transport and General Workers' Union, and Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, are expected to meet in the next few days to try to break out a peace in the dispute at Chrysler's Linwood car factory in Scotland.

Efforts to arrange talks between the two leaders are part of moves going on in London to settle the strike of 550 paint-shop workers before the factory opens on August 7 after its summer holidays.

The TGWU whose members are on strike, is also likely to take informal contact with Chrysler executives to see if there is any room for manoeuvre of already covered by the local and unsuccessful negotiations held in Glasgow between the company and its shop stewards.

Mr. Grenville Hawley, the transport union's national officer, said the vehicle industry is trying to convene talks with the company and the AUEW along the same lines at the conference in London last November which finally resulted a previous three-week strike at Linwood.

But it is generally recognised by the company and its unions that only initiatives from leaders of the calibre of Mr. Evans and Mr. Scanlon can break down the entrenched attitudes at Linwood, where industrial relations are at their lowest ebb since the Government rescued Chrysler from collapse 24 years ago.

The latest dispute, which prevented production of more than 5,000 Sunbeams and Avengers worth some £10m at showroom prices, has aroused deep concern among Chrysler dealers, many of whom are already running short of stocks.

Earlier this week Mr. Tony Wilks, chairman of the Chrysler Dealers' Association, warned that some customers who have ordered and paid for "T" registration cars will not get delivery on August 1 as promised because the vehicles are still inside the Linwood factory.

## Workers at Ford urged to aid good relations

BY OUR LABOUR CORRESPONDENT

EMPLOYEES AT Ford's Dagenham plant were yesterday urged to remain calm and help preserve good relations with different ethnic groups at the works.

Mr. Ivor Joyne, assembly plant manager, made the appeal on Tuesday when an inspector was escorted from work after being jostled by a group of Asian workers.

Another incident away from the plant on Sunday, in which an Asian employee was attacked by four men, is being investigated by police.

Mr. Joyne said that he did not know this man's assailants and no employees had been identified by police as having been involved.

It was Ford policy to apply all employment practices without discrimination on racial or ethnic grounds.

Another incident away from the plant on Sunday, in which an Asian employee was attacked by four men, is being investigated by police.

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# The hidden side of public expenditure

BY P. J. W. HARDWICK

IN VIEW of the recent debate over public spending it is surprising that so little is heard of the indirect public expenditure which arises as a result of the various reliefs and allowances in the tax system and the gaps in the charge. In income tax alone, these deductions and exemptions account for around 50 per cent of total personal income in the UK, resulting in very large losses of potential tax revenue and hence higher tax rates that would otherwise be necessary to raise any given revenue. Such losses of revenue are the equivalent of a subsidy to those granted the relief or allowance.

Some allowances, such as the single and married persons' allowances, can be regarded as part of the essential structure of income tax, but there are many which have been introduced into the tax code for extraneous reasons of government economic and social policy as a result of pressure group activity. The revenue foregone as a result of such non-structural reliefs and allowances may be regarded as "tax expenditures" (a term coined in the U.S.). Tax expenditures cover not only specific exemptions, but also gaps in the charge such as the revenue foregone by not taxing unemployment pay or imputing a rent to owner occupiers.

It is possible to list 69 items from income tax and capital gains tax which might be regarded as tax expenditures.

It is unlikely that the electorate would knowingly accept a benefit programme which subsidised those with higher incomes to a greater extent than those on lower incomes. Yet, this is exactly the case with mortgage interest relief and most other items of tax expenditure—a mortgage interest payment of £1,000 per annum is subsidised by £330 for a man paying the standard rate of tax of 33 per cent, while the subsidy on the same amount of interest to a man whose marginal rate of tax is 53 per cent is £330.

The Treasury has accepted the proposal of the Expenditure Committee that White Papers on public expenditure should include estimates of the cost of mortgage interest relief (estimated for 1978-79 as £1,000m) and that there is a good case for looking at the appropriate tax reliefs together with related

public expenditure in appraising the total impact of government policies in conjunction with housing subsidies, family allowances, and investment grants.

Yet why not go further? Why not a tax expenditure budget? Wherever possible the revenue departments provide estimates of particular tax reliefs and allowances in reply to Parliamentary questions and other requests; but nowhere are such estimates brought together in a comprehensive list.

In the U.S. the Congressional Budget Office is required to present five-year projections of tax expenditures resulting from tax provisions which grant special relief to certain taxpayers. In 1975 total tax expenditures were estimated to amount to about 25 per cent of explicit Federal Government expenditure. In West Germany the Government is required to present a Report on Subsidies to the Bundestag every two years listing tax reliefs and subsidies categorised by purpose, to encourage regular reviews of this assistance.

For such a debate information on the order of magnitude of tax expenditures is needed. As estimates are readily provided in response to Parliamentary questions it would seem logical to bring them together rather than leaving them scattered through the various editions of Hansard. Further, the effort involved in setting up a system of presenting regular consolidated estimates may well be less than that expended in providing the estimates piecemeal. Expenditures which annually amount to about one-third of the total tax revenue from individuals should not be approved by default, but should be regularly reviewed in the same way as direct public expenditures.

The figures and estimates are drawn from J. R. M. Willis and P. J. W. Hardwick, *Tax Expenditures in the United Kingdom* published this week by the Institute for Fiscal Studies and Heinemann Educational Books, price £2.50. Mr. Hardwick is a Lecturer in Economics at the University of Bath.

## This man is a revolutionary!



Award winning house developer, David Mabbott, is hardly a 'Che Guevara' style revolutionary — though, like many of his more publicised counterparts — he is deeply concerned about our future environment, and is dedicated to bringing about radical changes to the 'conventional wisdom'.

We believe you will agree with his aims and lend your support.

David Mabbott was presented with his award for a development now under construction by his company, Mabbott Development, at Bracknell, Berks.

His housing scheme was voted first because the planning that preceded the construction offered occupiers more than they could expect from conventional designs and building techniques.

A subsequent design factor was the selection of pre-cast concrete in place of timber not only for the ground floor but intermediate floors also. By so doing David Mabbott has provided house purchasers with an outstanding innovation that gives both immediate benefits and tremendous advantages in years to come.

### CONSIDER THESE ADVANTAGES

'Living in Peace'. Now that central heating is an integral part of new housing, families are no longer forced to congregate in a single room huddled round an open fire. Each member of the family can comfortably pursue his own interests. However, these are rarely compatible, which can cause friction. Stereos and T.V.'s for example can distract those wishing to study or read — or even worse, sleep. Pre-cast concrete floors reduce noise transmission considerably. In the same way, ground floor thermal efficiency is increased, making for warmer, more comfortable, homes at less cost.

Flexibility. Pre-cast concrete floors can span the entire length and breadth of the house. Internal walls do not, therefore, need to be load bearing. The interior plan of the house can be altered to suit any circumstance. Walls can be added or knocked down virtually at will. In fact it is possible to create a totally new home out of your existing house, if constructed with pre-cast floors.

Structural Defects. Although the house owner is today insured against the devastating effects of subsidence or shifting due to settlement, the inconvenience and psychological stress can be great indeed. The use of pre-cast concrete can eliminate the problem of ground floor failures for ever.

Wood Pests and Diseases. Woodworm, wet and dry rot are extremely common. Often they are present but unnoticed until the house is surveyed prior to sale. The erosion of capital appreciation through having to repair defective areas can be crippling. Again, pre-cast concrete floors eliminate these problems.

Safety. House fires are a common hazard. Effects are tragic and horrendous. Wood floors allow smoke and fumes to penetrate upstairs rooms. Wood burns — like blazes. Pre-cast concrete is impervious and does not burn.

Cost. Today, pre-cast concrete offers calculable cost advantages.

Initially, because of dramatic increases in world timber prices in recent years, the cost differential between timber floors and pre-cast concrete flooring systems has narrowed to be almost insignificant; especially when the many user-advantages are taken into consideration.

Contractors working with pre-cast concrete have found it faster to lay. The benefit of having a complete working platform aided overall efficiency and saved time. Further, scaffolding costs are reduced.

Eventually, with the savings from economies of scale, it can confidently be predicted that pre-cast concrete will be less expensive than building timber on a direct comparison basis.

However, the real value will be seen in the years to come. Owners of homes containing pre-cast concrete floors will have no maintenance problems so often concerned with timber floors. No woodworm; no wet or dry rot. Most importantly, no erosion of capital appreciation due to having to rectify these faults prior to selling their home.

These are some of the occupant benefits that are enabling enlightened developers, like David Mabbott, literally to build a better and safer future for us all.

The revolution is just beginning. Forward thinking house builders are already adopting these new techniques on many of their most recent developments. But, as with most things, it is eventually going to be public awareness and demand that transforms innovations, such as pre-cast concrete floors, from being outstanding possibilities, into common-place realities.

Your interest and action is a vital part of ensuring you, and more important your children, live in a home which is safe as possible both financially and environmentally. Such a future depends on your action today.

The first step is to be fully prepared about the facts and advantages of pre-cast concrete in homes, which are in our free booklet. Please write for it today.

FOR FURTHER INFORMATION PLEASE CONTACT:

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 There is, I think, no crime writer as versatile as Mrs Fleming. *Edmund Crispin, Sunday Times* £3.75

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 Capricorn faces the hardest challenge of his career: to prove his assistant 'Flash' Copper innocent of corruption — and murder. Among 'the ten current and compelling exemplars' of the crime novel. *Time Magazine* £4.25

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## BOOKS OF THE MONTH

Announcements below are paid-for advertisements. If you require entry in the forthcoming panels, application should be made to the Advertisement Department, Bracken House, 10 Cannon Street, EC4A 3DF. Telephone 01-248 8000, Ext. 7064.

**MURDER INK: The Mystery Reader's Companion**  
 Perpetrated by Dilys Winn  
 Here is an act of passion, an irreverent guide to the world of mystery... Hundreds of illustrations and 150 articles by writers and experts... They're all in on the kill. *David & Charles* £7.50 (September) p/b £4.95

**Head of the Force**  
 James Barnett  
 "Fantastically exciting and incredibly credible thriller by former CID commander." *Maurice Richardson, Observer*: "Barnett is a find. Top cop authenticity, fascinating detail, real narrative drive." *Duncan Kyle*. *Secker & Warburg* £4.50

## BOOKS

## Old bloods

BY C. P. SNOW

The Cask by Freeman Wills Crofts. £3.35. 327 pages

The Hollow Man by John Dickson Carr. £3.00. 304 pages

The Man Who Didn't Fly by Margot Bennett. £3.00. 191 pages

The Old Man in the Corner by Baroness Orczy. £3.50. 340 pages

The Bride Wore Black by Cornelia Woolrich. £3.50. 190 pages

Crime at Orçival by Emile Gaboriau. £3.20. 234 pages

The Lerouge Case by Emile Gaboriau. £3.20. 250 pages

The Rasp by Philip Macdonald. £3.80. 305 pages

Trial by Fury by Craig Rice. £3.20. 228 pages

The Middle-Temple Murder by J. S. Fletcher. £3.50. 256 pages

Martin Hewitt, Investigator by Arthur Morrison. £4.00. 324 pages

Here is an interesting enterprise. All the above books have been published, or more exactly reissued, by the Manchester-based firm of Remploy. They have been chosen from detective stories originally issued from about 1850 down to 1930, by Melvyn Barnes, who is Borough Librarian of Kensington and Chelsea, and who has written a survey called *Best Detective Fiction*. All the present books have been out of print for many years. They are to be followed by another set, which will include A. E. W. Mason's *The Hound of the Baskin*, one of the most distinguished detective stories ever written.

Cheers for Remploy, and Melvyn Barnes. People outside the enclave of contemporary publishing may be baffled that some of these works have been allowed to go out of print. The hard truth is the economics of publishing are changing rapidly. Most of the modern publisher's backlist is a liability, not as it was a generation ago a source of modest profit. Unless a book is selling regularly and at a considerable rate (not just a hundred copies a year) its publisher is losing money on it. Thus many good books are becoming unobtainable, except in libraries. And even library copies wear out. Here's where Remploy come in.

All this adds to the ephemeral flimsy-gibbet air of modern literature. Books are tending to become disposable consumer objects like automobiles and electric light bulbs. A student trying to do scholarly work on

novels published between the two wars—in particular novels once popular which haven't had academic recognition—has to show American portmanteau in order to get hold of his material.

To an extent, the problem is being coped with by reprint houses (Cambridge, Chivers, Portway and others) who produce smallish editions which presumably go mainly to fill the gaps in libraries. In an unobtrusive fashion, that is a public service. One hopes that it is not enough to be content with the effort with detective stories. They call it a Deerstalker series.

One suggestion. These books are going to be read for enjoyment, and only the silliest will sneer at that. Who in our time has given more pleasure, and incidentally to some of the best and deepest minds of the century, than Agatha Christie? It is only stupid intellectuals (a special category) who can't understand the real stars, but as well as being read for enjoyment, some of these Remploy books are going to be valuable to the historians of crime literature.

It isn't clear by what process, or on what principle, they have been reprinted. Or from what text. It looks as though some, as for instance the two Gaboriau volumes, have been reproduced from the last extant English edition. It would be useful to know. Even a note slipped inside the book would be better than nothing.

Incidentally, Gaboriau was a real pioneer, who died in his mid-30s, much too young. He probably had some impact on Conan Doyle, though he hadn't Doyle's magnifying and mythopoetic genius. One would guess that Gaboriau had more impact on Simenon. As with Simenon, the stories, though good enough to



"The Cask" (1920), by Freeman Wills Crofts, the Irish writer whose first profession was railway engineer

propel one at reasonable speed, are not the main allurements. The people, the scenes, the steady realistic concentration, mean much more, and are an extraordinary contrast by the side of Gaboriau's English successors. Some of these books, which I have already read, I didn't specially want to read again. John Dickson Carr was a cultivated anglophile, and eloquently but thrice locked rooms don't wear well. Philip Macdonald's *The Rasp* was the first Gethryn story, and Macdonald became much better afterwards.

I strongly recommend *The Bride Wore Black* by Cornelia Woolrich, a thriller, artificial if you like (classical thrillers are usually as artificial as classical detective stories), but a brilliant one. It would be useful to know. Even a note slipped inside the book would be better than nothing.

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## Yellow Naples

The Payoff by Attilio Veraldi, translated by Isabel Quigley. Hamish Hamilton, £4.95. 234 pages

The Italians are enormous consumers of thrillers. In every Italian travel compartment, you are sure to find at least one traveller immersed in one of Mondadori's detective novels, with their characteristic yellow cover (hence, in Italian, giallo (yellow) equals thriller). But, curiously enough, Italy produces few of these gialli in translation.

So the success, in 1976, of Veraldi's *La mazzetta* (*The Payoff*) came as a pleasant surprise. The author, a skilfully turns Naples into a Mediterranean version of Chandler's Bay City, and there is a suitably seedy lawyer-protagonist, perfectly in character. Most of the book is a zig-zag chase, in which the protagonist is both pursuing and being pursued. All very professionally done. The book has been made into a film, with Nino Manfredi and Ugo Tognazzi, currently packing audiences.

WILLIAM WEAVER

## CRIME FICTION

## Latecomer in LA Havering trigger

BY ANTHONY QUINTON

Chinaman's Chance by Ross Thomas. Hamish Hamilton, £4.95. 383 pages

One gets off to a pretty quick start in *Chinaman's Chance*, with the Chinaman in question, fat and 37, jogging on Malibu beach at 4.42 in the morning. The Los Angeles reference settles the author's name—Leslie Thomas or Ross Macdonald—is the appropriate one. This is quite a long book, 383 pages, something like 150,000 words. That is about the size of *The Return of the Native* and quite a bit more than that of *Candide*, the longest. *The Long Goodbye* rattles merrily enough along, but it has a synthetic air; it might have been written by a close reader of the literature of modern California who is convinced by muscular dystrophy to a back room in his passage. Consider two L.A. Armistage's body was still almost perfect, at least in her husband's opinion, although there were some warts, a bit too large and even argued that the long legs were a touch thin.

Where have we tasted that bit of literary monodrama glutamate? Consult *The Philanderer* by Stanley Kauffmann (Penguin ed. p. 19).

## Ritzi's bar again

BY ELIZABETH FORBES

Casablanca by Christopher Leopold. Hamish Hamilton, £4.95. 310 pages

The Buckingham Palace Connection by Ted Willis. Macmillan, £4.95. 258 pages

These two novels, one set in North Africa during the Second World War, the other in Russia during the Revolution, are examples of a type of thriller, now very popular: events of the recent past, or fairly recent past, are re-interpreted in the light of later knowledge, or are seen through the eyes of a present-day narrator. Real personages mix with the fictional characters—Lord Willis, for instance, plays an important role in his own book, while there are three levels of reality in *Casablanca*: the historical background of the Allied landings in North Africa, the purely fictional adventures of a romantic American hoodlum and a corrupt French cop in Brazzaville and Casablanca; and what might be termed the legendary dimension, that of the Warner Bros. film of *Casablanca*, which links the other two.

*Casablanca* ends with Rick and Louis at the airport, on their way to join the Free French at Brazzaville. *Casablanca* picks up the tale a year later, when Steve and Auguste, the "real" protagonists of the Bogart and Rains characters, return to Casablanca on a mission. American troops have already embarked for the landings in Morocco: dirty deals are being arranged between the Allied High Command and the Vichy French who control the ports of Rabat and Casablanca—not for nothing has Christopher Leopold changed white to black in the title of his book—and there is a German traitor to be assassinated. So Steve revisits Ritzi's bar where Robbi the pianist still pounds out favourite songs and Helda, Scandinavian call-girl with a phony French title, entertains the ton brass.

The interweaving of the various strands is skilfully done. When the American troops, who have already seen the movie back home, finally reach Casablanca, they take over Ritzi's, renaming it Rick's Café Américain. The climax of the novel takes place in the cinema where

it was possible to carp and say that her legs were a trifle thin and her bosom a bit too full, but the effect was slender, sexual and good.

No harm in that, of course, but rather a lot of this book is out of old stock: the other hero, Quincy Durant, a straight James Coburn part; who is Chandler's Steel-Grave with a blindingly high polish; the ageing Wasp fixing things behind the scenes, descended from everyone who travelled first on the Mayflower. The apparatus, in other words, is old and tired, even if it is handled with a certain brio.

More deeply Chandlerish than the scene and people is the way the plot gets over-entangled at the end, like the fearful mess at close of *The Little Sister*. On the way there, however, there is some lively action: a good scene in a mobile home where evil is punished by dexterous use of a gas cylinder, in particular, is calculated to shift the attentive reader to the edge of the sofa.

With Chandler dead and Ross Macdonald silent since 1973 Los Angeles is, it might seem, up for grabs, from a literary point of view. *Chinaman's Chance* does not make it. Those who require fairly skilful handling if they are to be coaxed into reading a new area, the Detroit of Elmore Leonard, for example, or the Boston of George V Higgins.

the Moroccan premiere of the film is being shown.

The Buckingham Palace Connection takes the relationship between King George V and Tsar Nicholas II — they were first cousins-as starting point. Viscount Tremayne, an elderly peer whom Ted Willis meets in the House of Lords, was involved in an attempt to rescue the Tsar and his family from the Ipatiev House in Ekaterinburg. The three leaders of the expedition, Tremayne, the polished young British diplomat, Kasakov, the fanatical Russian officer; and Story, the taciturn Texan engineer, are effectively contrasted, but real here — or heroic — of the book is the Royal Flush, an armoured train that transports the party more than 4,000 miles along the Trans-Siberian railway from Vladivostok to Ekaterinburg.

Royal Flush's journey is interlarded with the adventures of Miss Meg, the English governess in charge of a Russian merchant's two children, who also lands up in Ekaterinburg, while historical characters from Lloyd George to Lenin make their expected appearances. The expedition is doomed by history to failure — but Lord Willis still has a surprise up his sleeve for the final pages, when he, as a character in the book, visits the Tremaynes in their remote Cornish home.

BY PETER RIDDELL

Stained Glass by William Buckley Jr. Doubleday/W.B. Smith, £4.95. 232 pages

Relations between East and West since 1945—from cold war to détente and back (?)—have produced an increasing ambiguity in the spy novel in the past decade. The moral position of the protagonists has become confused and identification with an ideology or leadership has been blurred, often leaving only loyalty to friends, if that. Mr. Buckley recognises these ambiguities in his novel, but seeks to transcend them.

His hero, Blackford Oaks, a deep-cover CIA agent, is faced with the dilemma of assassinating a man whom he admires, enormously for reasons which he considers to be false. The hero's target is in many respects a European version of himself—a Teutonic superman, running for Chancellor of West Germany in 1952 on a reunification platform, and thereby apparently risking a Third World War.

Mr. Buckley attempts to resolve this dilemma when Oaks is told at the end that it is wrong not to act merely because, in acting, we may prove to be wrong; complexity must not of itself ensure the triumph of ambiguity.

The moral vision of the novel is that those engaged in the cold war were right to believe in the fundamental ethical differences between East and West. The author clearly thinks that reunification could have been achieved without Russian intervention.

Mr. Buckley has, of course, been arguing this view for nearly three decades now, and the novel is about the only new medium left to him, apart from perhaps the symphony. He appears in a walk-on part in the novel as "old Razzie," a writer "whose mannerisms were widely known and widely caricatured, because of his depressing ubiquity; he was a syndicated columnist, a television host, an author, editor of his own magazine, and had now announced he would also write novels."

The author's first novel, *Sowing the Seeds*, had left doubts about whether this further extension of the Buckley talents was justified. The plot was never really convincing and the flow was hampered by over-long references to the author's own training as a deep-cover agent in the CIA for over-elaborate style. And perhaps fundamentally, the theme has more substance and the flow is more occasionally marred by Mr. Buckley's tendency towards an over-elaborate style. And perhaps, the theme has more depth. The seriousness of the ideas under consideration is the key, even if many readers may not share the author's certainty in the resolution of the cold war ambiguities.

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## In short

BY WILLIAM WEAVER

Treasure Up In Smoke by David Williams. Collins, £3.75. 196 pages

With his third novel, David Williams ventures abroad, and the undertaking is more ambitious than the earlier books, but every bit as enjoyable and successful. King Charles Island is a delightful, complete invention: the author even supplies us with a very capsule history, setting a fanciful background for his story. The clever banker Mark Treasure is on hand again, with his elegant actress-wife. In addition to a varied cast of local characters, there are also an amusingly feckless junior member of Treasure's bank and a thoroughly unlikely, but entertaining American couple. The solution is absurd, but then so is everything else in this irresistible book.

Unruly Son by Robert Barnard. Collins, £3.75. 192 pages

For his earlier books, Robert Barnard chose strange environments: an Australian University, a touring opera company, an American community. Now he treads more traditional ground, with a body in the library. This is a characteristic Unhappy Family story: a tyrant father (author of what sound like ghastly murder stories), two stepdaughters, and a daughter not much more likeable, a vague wife, nasty servants. But to this material the author brings an admirable freshness of view, along with his now familiar wit. The writing is generally up to Mr. Barnard's high standard (though one regrets the unfortunate use of "hopeful" on page 123).

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## PARLIAMENT AND POLITICS

Secrets Act proposals anger Labour MPs

## Rees remark on support for change fuels fury

Y IVOR OWEN, PARLIAMENTARY STAFF

UGGESTION by Mr. Merlyn A. Home Secretary, that the introduction of a Freedom of Information Act would be a "serious" step, has caused a storm of protest in the country. Labour backbenchers have been particularly vocal in their criticism, and a demand for his resignation has been made.

Explaining the Government's position for not honouring the pledge in Labour's last election manifesto to introduce such an Act, Mr. Home said that the Government was not in a position to do so at the moment. He said that the Government was not in a position to do so at the moment.

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## Section Two reform 'a necessary precursor of further change'

BY RUPERT CORNWELL

THE GOVERNMENT yesterday disclosed its proposals for reforming the notorious "catch-all" Section Two of the Official Secrets Act 1911 with a view to making it more effective. The proposals are set out in a White Paper, which is being published today.

The White Paper has taken more than 20 months to formulate. It was first outlined to the House of Commons in September 1976, and has since been the subject of a series of consultations with the public and with various interest groups.

## Vorkable

It declares that Section Two, which is the only section which gives any official information (other than up to two years' information), has inhibited civil servants and Ministers. "Reform not only a much-needed improvement in the criminal law," says the White Paper, "but also a necessary preliminary to any legislation that does not go beyond the scope of the Franks Committee's recommendations."

## Tory peer attacks retrospective clause in Finance Bill

THE LORDS gave a second reading to the Finance Bill last night after a short debate in which there were protests from Conservative peers over the use of commodity price schemes as a means of avoidance.

The Conservative Lord Alton of Liverpool said it was

But the Government had concluded that the test for criminal sanctions in these fields should be the test of whether the Government was recommending more open Government, rather than being merely prejudicial to the nation.

The Home Secretary said that the White Paper also made clear the Government's intention to extend the protection which the Franks Committee envisaged for the confidence of the citizen.

"We propose not just to protect any such information given to the Government, but to protect confidential information held by the Government about private individuals and concerns, from whatever source it has come."

With regard to open Government in general, said Mr. Rees, the Government believed that the reform of Section Two was not only a necessary preliminary to greater openness, but also a necessary preliminary to greater openness.

Reiterating the Prime Minister's recent claim that much more information is now being released to the public, he spoke of the working assumption in Whitehall that once Ministers had reached their conclusion on a particular major policy study, associated factual and analytical material would be published.

Mr. Rees admitted that he had found classification one of the most difficult questions in preparing the White Paper. He

promised that the Government would listen to other views. He told Labour critics who pressed for a firmer commitment to more open Government that the Government was not in a position to do so at the moment.

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## Minority parties back call for PR voting in Wales

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PROPOSAL from the House of Lords that proportional representation should be used for elections to the Welsh Assembly was opposed by Labour and Conservative spokesmen in the Commons last night but warmly supported by the Liberals and the Welsh Nationalists.

The Lords had inserted into the Wales Bill a clause stipulating that the additional member system of PR should be used.

Under this method, a person would have two votes, one for a particular candidate and one for a party.

The number of votes for the party would then be totalled up and shared out proportionately among candidates on the party list.

But Mr. John Smith, the Welsh Labour MP, said that the system would mean the election of 50 constituency members in Wales by the first-past-the-post system, and 25 by the PR additional member system.

He recalled that the Welsh Labour Party had secured 49.5 per cent of the votes in the election of 50 constituency members in Wales by the first-past-the-post system, and 25 by the PR additional member system.

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## COMPANY NOTICES

**OTZAR HITAYSHVUTH HAYEHUDIM B.M.**  
NOTICE IS HEREBY GIVEN that the ANNUAL General Meeting of the OTZAR HITAYSHVUTH HAYEHUDIM B.M. will be held at the Registered Office, 26-28 Yehuda Maimon Street, Tel Aviv, on Tuesday, 15th August, 1978, at 11.30 a.m. for the following purposes:

- To receive and consider the Accounts for the year ended 31st December, 1977 and the Reports of the Directors and Auditors thereon.
- To declare a dividend.
- To elect Directors.
- To appoint Auditors, and fix their remuneration.
- To transact any other business of the Company which may be brought before the meeting.

By order of the Board  
S. S. S. Secretary

**OTZAR HITAYSHVUTH HAYEHUDIM, JEWISH COLONIAL TRUST LIMITED**  
NOTICE IS HEREBY GIVEN that the ANNUAL General Meeting of the OTZAR HITAYSHVUTH HAYEHUDIM, JEWISH COLONIAL TRUST LIMITED will be held at the Registered Office, 26-28 Yehuda Maimon Street, Tel Aviv, on Tuesday, 15th August, 1978, at 11.30 a.m. for the following purposes:

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**ARROW CAPITAL N.V.**  
Shareholders of Arrow Capital N.V. are invited to attend the Annual General Meeting of the Company, which will be held at the Registered Office, 26-28 Yehuda Maimon Street, Tel Aviv, on Tuesday, 15th August, 1978, at 11.30 a.m. for the following purposes:

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- To receive and consider the Accounts for the year ended 31st December, 1977 and the Reports of the Directors and Auditors thereon.
- To declare a dividend.
- To elect Directors.
- To appoint Auditors, and fix their remuneration.
- To transact any other business of the Company which may be brought before the meeting.

By order of the Board  
S. S. S. Secretary

**ARROW CAPITAL N.V.**  
Shareholders of Arrow Capital N.V. are invited to attend the Annual General Meeting of the Company, which will be held at the Registered Office, 26-28 Yehuda Maimon Street, Tel Aviv, on Tuesday, 15th August, 1978, at 11.30 a.m. for the following purposes:

- To receive and consider the Accounts for the year ended 31st December, 1977 and the Reports of the Directors and Auditors thereon.
- To declare a dividend.
- To elect Directors.
- To appoint Auditors, and fix their remuneration.
- To transact any other business of the Company which may be brought before the meeting.

By order of the Board  
S. S. S. Secretary



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ELECTRONICS

### ITT attack on liquid crystal market

PUTTING BRITAIN squarely on the map in the liquid crystal display market, ITT has invested about £2m in the establishment of a unit in Leeds, Yorks, for the production of displays of 12 mm character size and upwards.

The ITT plan is to avoid the smaller electronic watch displays, an area in which it is difficult to compete with high volume production from the Far East, concentrating instead on the less volatile instrumentation and clock market.

Production at the Leeds unit is currently about 1,000 displays per week; the figure is expected to approach 3,500 per week by the end of next year, climbing to 10,000 per week by the end of 1979.

The company's own research indicates that the world market for clock displays will rise from U.S.\$80m next year to U.S.\$150m in 1982. The predicted instrument demand is U.S.\$50m rising to U.S.\$250m over the same period. Of the total "greater than 12 mm" market, ITT aims to capture 25 per cent of European volume and 10 per cent of the world market within five years.

Emphasis is being placed on a quality product based upon a fused glass seal round the edge of the glass sandwich containing the liquid crystal material. The Leeds engineers see this as vital for a reliable display with long life, having rejected plastic seals

due to their tendency to introduce contaminants into the liquid crystals.

The precautions taken in the Leeds clean rooms are considerably more stringent than those applied in semi-conductor manufacture and airborne particles have been virtually eliminated.

Starting point is a one foot square pane of thin glass selected for flatness. After coating with transparent conducting material the glass is cut to size and screen printed with the display segments. Subsequent etching leaves the required transparent, conductive alphanumeric patterns.

A narrow strip of glass frit paste is laid down around the edge of one plate to a precise thickness and is fired on. The second plate is sandwiched under precise pressure in an oven and the result is a plate separation that can be held to 12 microns, plus or minus three microns — an astonishing achievement but one that is crucial to obtaining a consistent turn-on time for the product. A small metallised hole is left at one end for filling purposes.

Liquid crystal fluid is forced into the tiny gap by evacuating an enclosure, immersing the edge with the hole into the fluid and then allowing atmospheric pressure to push the fluid in. The hole is finally sealed with solder.

GEOFFREY CHARLISH

## HEATING

### Multi-role gas and oil burners

A SERIES of gas/oil burners for such tube firing applications as dye vats, asphalt kettles, deep fat cookers, pickling tanks, rendering vats, quench tanks and large salt baths is now on the market from combustion and chemical engineers, John Taurley, Ripon Road, Harrogate HG1 2BU, North Yorkshire (Harrogate 01511).

The burners are called Series "78" Tube-O-Flame and are available in six sizes within the 8 in to 12 in range with maximum

heat releases from 340,000 Btu/hr up to 2,800,000 Btu/hr. They are supplied as complete dual fuel burner packages and no refractory is used.

Included in each package is the burner itself which requires only low pressure gas or oil at 100 psig, a motor driven combustion air blower, air-fuel proportioning and mixing system, oil solenoid valve for on-off control, oil pressure gauge, pilot solenoid valve, pilot adjustable orifice cock, spark igniter and provision for a TV flame detector.

Basic design is for use with natural gas, propane, un-diluted vapourised propane gases or No. 2 and higher distillate oils. Other gases may be considered and applications also include cleaning-solution tanks, spray washers, indirect bake ovens and indirect air heaters.

## MATERIALS

### Withstands the heat

A HIGH temperature insulation material composed of continuous filament fibres of amorphous silica, said to be suitable for continuous operation at temperatures of up to 1000 degrees C — and withstanding much higher temperatures for short periods since it does not melt or vaporise below 1700 degrees C — is being manufactured by The Chemical and Insulating Company, West Auckland Road, Darlington, Co. Durham DL3 0UR (0325 538811).

Known as Refrasil, it is available in various forms, including bulk fibre, batt, yarn, rope, cloth, tape and sleeving. For the molten metal industry, the material is said to provide a new and often superior alternative to materials currently in use.

A fourfold increase in service life has been recorded at a steel-works in the U.S., says the company, where the open-hearth

door hoses—which are often engulfed in flames, splashed with hot metal, and subjected to waves of heat reaching 1800 degrees C—are now sleeved with the silica insulation protected by thin stainless steel mesh.

At another American steel-works, trolley hoses protected with the silica insulation provided an alternative to the use of solid carbon-steel pipe, and despite splashing with molten slag, the hoses now last more than six months and, being flexible, can be replaced in 15 minutes with one man's labour.

Thermal conductivity of the material, even in cloth form at a temperature of 500 degrees C, is only 0.120 watts/in<sup>2</sup> C and it may be quenched from 1000 degrees C into cold water without appreciable effect. A chemically-stabilised form permits continuous service at temperatures up to 1400 degrees C.

## MARKETING

### Agreement to market terminals

IN A MOVE to expand the customer base in the numerical control market for its terminals, Transdata, the UK-based hard copy terminal manufacturer, has signed an agreement with Ultronic Data Systems (Dowty Group), whereby Ultronic will exclusively sell Transdata terminal equipment into the numerical control market place.

UDS is a specialist in n/c applications with 14 years of experience. In the first year of its operations, the agreement could result in £250,000 of sales for Transdata.

Transdata on 0424 3713; Ultronic on 0642 6151.

## PROCESSES

### Improved finish for leather

SOME 30,000 tonnes a year of special chemicals are now being used in the UK for tanning and dressing leather. Many of them are recent developments, used to replace the natural enzymes, waxes, etc., used in the industry for hundreds of years.

About 10,000 tonnes are used each year for surface coating and finishing—worth around £5m. Over 90 per cent of the grain or nappa leather (used for footwear uppers and clothing) has some form of surface coating, usually based on aqueous emulsion polymers (acrylics), cellulosic lacquers and polyurethanes. Small quantities of proteins and waxes are also used. Handbag manufacture takes about 10 per cent of the coated leather produced.

One of the problems confronting suppliers of chemicals in this field has been the reduction of the solvent content of the chemicals. Much research has gone into this.

Other factors which have stimulated this work, apart from rising costs and supply restrictions, have been the increasing emphasis on health and safety at work, and similar environmental considerations.

Much of the initial research has been concentrated on the tannery end of the business, and according to Rohm and Haas, one of the leading specialists in

leather chemicals, only small successes have so far been achieved. On the other hand, the company says that, in the development of coating chemicals, it has made a significant advance.

For surface coating, the leather industry uses up to 3,500 tonnes of solvents annually—of which 98 per cent is lost, at a cost of around £1.7m. The loss occurs in three ways—by evaporation from lacquer coatings (35 per cent); by spray losses on application (40 per cent); and by mixing and cleaning losses (5 per cent).

Major advantage claimed by Rohm and Haas for its latest product is that its new acrylic top-coat is water-borne instead of being solvent based.

Called Primal WBT, the new top coat is intended to replace the traditional nitro-cellulose lacquers and lacquer emulsions in intermediate and final top coats.

In both garment and shoe manufacture heat plays a part in the processing, and this can cause disintegration of the top coat. A typical example is "wrinkle chasing" on shoes, when a gas flame is used to pull out the wrinkles created at the welt when the upper is attached to the sole. Ironing is also used in "finishing" garments, with temperatures reaching 100 deg C.

The new top coat is unaffected by these temperatures and is also resistant to low temperatures, down to minus 20 deg C. In this country, and in the U.S., increasingly stringent legislation is being introduced concerning the use of hazardous and toxic materials. In some instances, this has already ruled out the use of low flash-point solvents—a restriction which would not affect water-borne coatings.

Another problem, which particularly affects garments and shoes made of white leather, is migration of the plasticiser from vinyl trim and plastic soles, which causes staining and discolouration of the leather. The water-based coatings are said to be much more resistant to this than those containing organic solvents.

Using the water-borne coatings can also reduce costs, as lacquer emulsion applications can be lighter, since the Primal coatings carry about twice as much (20 to 25 per cent) solids as conventional coatings.

Rohm and Haas says that introduction of the coatings is leading to the development of colours not previously available. The leathers in these colours have a softer and more natural appearance and they are expected to make an impact on the fashion scene later this year. More from the company on 01-686 5844.

## CONFERENCES

### Reaping the wind

BHRA FLUID Engineering will hold its second international symposium on wind energy systems in Amsterdam from October 3-6, in conjunction with the Netherlands Energy Research Foundation.

As renewable sources of energy are attracting widespread interest it is considered, at this stage in the development of wind, wave and solar energy, the amount of power generated at the cost of its production is an important factor in the need to develop as many forms of renewable energy as possible.

If wind energy is to contribute significantly to energy requirements, large aerogenerators will have to be used, and details of the design, construction and testing of a 17 metre, vertical axis machine will be given in a paper from Sandia Laboratories, U.S. Representatives from Japan, the Netherlands, Sweden and U.S. will describe national wind energy programmes, and technical sessions will cover siting, interaction, design and construction of both horizontal and vertical axis turbines, and special applications.

Registration forms are available from the organising secretary, 2 ISWES, BHRA Fluid Engineering, Cranfield, Bedford MK43 0AJ (0234 750422).

## METALWORKING

### Non-ferrous rolling mill

THE FIRST new rolling mill to be installed in the UK designed primarily for rolling continuous non-ferrous base material will be commissioned next January at B. Mason and Sons of Birmingham.

The four-high reversing precision mill is to be supplied by Sack Engineering Company, Wolverhampton and designed for inclusion in streamlined production plan at Mason's new Warley factory. The mill will reduce nickel, silver, phosphor bronze, brass and other copper alloy strip, with extremely close thickness tolerance throughout the length of the heavyweight continuous cast coils.

More from Sack Engineering Company, Wolverhampton (0902 771031).

## MONEY

### Counting banknotes

A BANKNOTE counting machine incorporating micro-processor control has been introduced by De La Rue Crossfield.

Loose banknotes are loaded into the machine at the top in quantities of up to 200, and they are delivered at the base of the machine in the quantity requested.

It will count in pre-set quantities of 10, 100 and one other quantity between 0 and 99—this third quantity can be pre-set to suit the customer's particular requirements. The LED display indicates the individual batch count and a cumulative count is retained in the memory of the machine, recallable at the touch of a button.

Most significant advantage of the machine over other systems, says the maker, is its accuracy, while maintaining high speed counting. The "intelligent" micro-processor control enables the machine to accurately count varying conditions of notes. Constant width and thickness comparisons are made between notes; as a result, the machine can analyse the notes, including those in poor condition (e.g. repaired with tape, folded, etc.), and determine the actual num-

ber present so that counting can continue without interruption. However, if any note is suspect an error code will be displayed to warn the operator and the machine will stop, enforcing a recount.

More from the company at Instruments Division, Walton Road, Portsmouth PO6 1TJ (07018 53161).

## RESEARCH

### Virtues of catamarans

STUDY NOTES of catamarans by the British Ship Research Association, and originally confidential to its member companies, are now available for general sale.

The memorandum summarises current international design knowledge on catamarans as well as information regarding services performance, and discusses the feasibility of building large, high-speed, ocean-going vessels. One of the conclusions is that catamarans may be superior to single-hulled vessels for certain applications by virtue of their relatively large deck areas and good transverse stability, manoeuvrability and course-keeping qualities ahead and astern.

Walsend Research Station, Walsend, Tyne and Wear NE28 6UY. 0632 628242.

## SAFETY

### Explosions less likely

STORAGE OF inflammable fluids in drums is a constant danger, and a solution is offered by Bealco of Stourport Road, Kidderminster, with the introduction of the Centry Vent III automatic safety valve, which is re-usable from drum to drum, reduces air pollution and fluid loss and prevents explosion even when the drum is surrounded by fire.

The all-brass unit cannot be dismantled—it is totally tamper-proof—and is said to be easy to install, with a two-inch thread which fits the bung-hole of standard drums and can be positioned in either the side or end of the drum.

Explosion prevention, smooth flow and liquid conservation are said to be the three main benefits and "should the drum be surrounded by fire the gases are vented outside automatically. A control plunger lifts once the pressure reaches 5psi, allowing gas to escape through fire screens. When fluid is withdrawn from drums, atmospheric pressure against a disc at the base of the inner chamber of the valve compresses a light spring and opens the internal ports, thus breaking the vacuum automatically, offsetting vacuum build-up, thus assuring smooth flow.

## Custom-built at high speed

GEC SEMICONDUCTORS made it clear at its Wembley, Middx, plant yesterday that whatever the outcome of the negotiations with Fairchild or any other U.S. integrated circuit company, it will continue to push ahead with the design and production of circuits that are exclusive to the customer.

Business at Wembley has been growing at 40 per cent per annum over the last three years and employment has about doubled in that time. Research and development expenditure has been running at about £1m per annum and in the last year over £1m has been spent on capital equipment, including main frame computers for design, C.T. pattern generators and automatic testers.

The work has been about

equally spread over the military, telecom and industrial markets, although by 1979 consumer circuits—Teletext, Viewdata and telephone push button circuits in the main—are expected to amount to about 15 per cent.

GEC Semiconductors is also tending to do less work for in-house purposes—the percentage will have dropped from 55 per cent to 40 per cent by 1979. It claims a growing ability in volume production, having supplied 250,000 push button circuits to the Post Office.

But of particular interest is the announcement of Celmos, a new service in which the customer can design a circuit in symbolic logic diagram form from standard logic cells, or circuits from a GEC library. The computer does the rest—apart from some customer approval and checking—reducing the

whole design process from several weeks to several minutes.

With the design cost thus reduced, LSI is opened up to manufacturers of quite short runs of instruments, for example.

The computer optimises the cell placements and interconnections and prints out not only a complete chip layout but also the corresponding logic diagram for checking against the original design, together with a magnetic tape.

Masks are made from the tape on a newly acquired U.S. machine at only 10 times full size. Replacing all the old stripping and peeling processes using Rubylith on a drawing board, the tape is left to polymerise overnight and the masks are ready the next morning for the step and repeat cameras.

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### Consolidated Statement of Condition

JUNE 30, 1978

ASSETS	
Cash and demand accounts	\$ 174,287,785
Interest bearing deposits with banks	320,685,289
Precious metals	58,948,742
Investment securities	522,222,094
Federal funds sold and securities purchased	
under agreements to resell	274,875,000
Loans, net of unearned income	1,427,055,746
Allowance for possible loan losses	(26,704,825)
Loans (net)	1,400,350,821
Customers' liability under acceptances	105,192,693
Bank premises and equipment	17,576,335
Accrued interest receivable	46,080,677
Other assets	114,457,381
	<u>\$3,034,686,757</u>
LIABILITIES	
Deposits	\$2,207,012,379
Federal funds purchased and securities sold	
under agreements to repurchase	254,933,972
Other liabilities for borrowed money	2,490,171
Acceptances outstanding	105,631,546
Accrued interest payable	111,533,045
Other liabilities	82,411,504
STOCKHOLDER'S EQUITY	
Common stock	100,000,000
Surplus	79,346,591
Surplus representing convertible notes obligation assumed by parent corporation	11,290,000
Undivided profits	80,037,549
Total stockholder's equity	<u>270,674,140</u>
	<u>\$3,034,686,757</u>
Letters of credit outstanding	\$ 125,581,144

The total investment in precious metals and the precious metal content of silver coins were substantially hedged by forward sales. The unhedged portion of this investment was \$2.7 million at June 30, 1978.

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### REPUBLIC NEW YORK CORPORATION

#### SUMMARY OF RESULTS

	For the Six Months Ended June 30,	
	1978	1977
Net income	\$12,143,745	\$9,196,120
Net income applicable to common stock	10,018,745	8,196,120
Earnings per share of common stock:		
Net income:		
Primary	\$3.20	\$2.94
Fully diluted	2.98	2.70
Dividends declared	.76	.50

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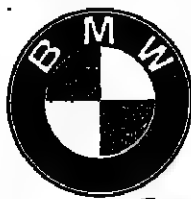
#### Car prices:

316 - £4,399. 320 - £5,549. 320A - £5,944. 323i - £6,499.  
518 - £5,799. 518A - £6,194. 520 - £6,749. 520A - £7,144.  
525 - £7,779. 525A - £8,174. 528i - £8,899. 528iA - £9,294.  
633CSi (A) - £15,379. 728 - £9,849. 728A - £10,284.  
730 - £11,649. 730A - £12,084. 733i - £12,699. 733iA - £13,134.

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## THE JOBS COLUMN

## Practical policy for invisible in-betweens

BY MICHAEL DIXON

WELL DONE, the British Institute of Management. With every pointer available to me now indicating an October general election, the BIM emitted yesterday what, to my knowledge, is the first manifesto of the campaign.

If the institute has got there the fastest with its Managers' Manifesto, however, it certainly cannot fulfil the essential second condition of the old prescription for military success by getting there also with the mostest.

Even if the BIM represented all the un-numbered managers in the country, they would still be a minority (although the differential fertility rates between chiefs and indians in the public services, particularly, may be working to change this). But the institute's 60,000 members constitute only a small proportion of the managerial minority. So there is little muscle behind the manifesto's demands that the institute should have formal representation, along with the Confederation of British Industry and the Trades Union Congress, in the extra-parliamentary processes which nowadays force the Government's industrial strategy and budgets.

These processes, such as the National Economic Development Council, while all too

practical in their effects, are essentially theoretical processes. Their theory is that there are only "two sides" in industry. So they are constitutionally incapable of seeing that the British Institute of Management has anyone to represent.

The theory of only two sides to industry, notionally represented on the one hand by the CBI and on the other by the TUC, is nonsense of course. Every day one meets workers who are clearly neither capitalists or their lackeys, nor proletarians or their vanguard.

## Bread ration

But the practical fact is that these in-between people's accustomed shares of bread and butter depend not so much on the in-between practical existence as on their theoretical existence. And they currently do not have any.

The institute is no doubt right to want to have the prevailing theory amended to take account of the observable reality. But in wishing to represent the in-betweens' interests, it is hampered by a difficulty which perhaps explains why the BIM's policies so often bear a suspicious resemblance to those of the Confederation of British

It is the difficulty—which bedevils almost the whole of what is misleadingly called social science—of reaching watertight definitions of particular groups of people.

The institute cannot define those whom it thinks it should represent by the term "middle managers" unless it is prepared to answer the challenge also to define with theoretical precision whom they are between.

To attempt to do that would probably defeat its own purpose. Many real managers are likely to be too ambitious to identify themselves with the "middle." And being commonly preoccupied with pressing problems such as how to dissuade the ladies on the assembly line from all troping off to the washroom together, practical managers could well not be bothered even to read a definition long and complex enough to state what the "middle" meant.

Fortunately, there is a potential solution. It lies in the fact—which constantly irritates social scientists—that human distinctions which defy definition by the intellect, are often easily recognised by the senses.

Take for example the notion of social class, which is clearly not quite the same thing as "socio-economic grouping." Sociologists have for long been trying to reach a definition

which would enable them accurately to differentiate between people according to their social class. So far, to my knowledge, they have not succeeded. But someone such as the head waiter of a good restaurant can tell which social class people belong to, and do so within extremely fine tolerances, almost as soon as they come in through the door.

## Employed

And in the case of the theoretically non-existent in-betweens, the people who can be relied upon to identify them most accurately are surely the in-betweens themselves. I am one of them and so no doubt are most of the readers of this column—managers and specialists who are interested in working primarily, not as employers, but as people employed in or seeking jobs whose duties may or may not include the recruitment of staff on their employer's behalf.

Ironically, one thing we in-betweens tend to have in common is a distinct lack of the group spirit. Perhaps it is because most of us, having done National Service, took the serviceman's traditional solemn vow never to join anything else ever afterwards, not even a

Christmas club. So I suspect that few of us would leap to join the British Institute of Management, even in order to get some official notice taken of us again.

But the least we can do in our own interests is surely to send to the BIM for a copy, price 75p, of the Managers' Manifesto (the address is Management House, Parker Street, London, WC2 — telephone 01-405 9456). Then, if we find ourselves broadly in agreement with it, we can write to the institute saying who we are and which parliamentary constituency we live in, roughly what we do and how much we are paid, and where we disagree with the manifesto's statements.

As a result, although the BIM might not be able to claim the in-betweens as members, it might have enough data before the next election to wrap some statistics around them and so give the in-betweens a theoretical existence, even if only as wobble voters in marginal constituencies.

The key question, of course, is whether the response to the institute's initiative will be sufficient to substantiate its case. While doubtless joining the BIM in hoping so, I cannot feel certain one way or the other.

What I do know, however, is that unless we in-betweens are prepared to go to the trouble of making our presence known politically, we can have no excuse if what C. Wright Mills said of the American white-collar class eventually becomes true of us. He said:

"Whatever common interests they have do not lead to unity; whatever future they have will not be of their own making."

LAST WEEK I wrote that Peter Wann, formerly of the "Gang of Four" economics department at the London branch of the U.S. investment bank White, Weld which was acquired in April by Merrill Lynch, had since moved "with colleagues" to the other U.S. investment bank, Paine Webber.

This has caused concern among those who have remained with Merrill Lynch, lest it should have been taken to mean that the whole White, Weld economics department has moved elsewhere.

It has not. Although former colleagues from other departments have also gone to Paine Webber, Mr. Wann is the only member of the Gang of Four to have done so.

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£15,000+bonus +car+accommodation

The Manager initially will take responsibility for all aspects of accounting and financial control, leading a small department, establishing systems and developing a high standard of management and financial reporting. Providing the local General Manager with a range of financial advice and expertise, the Manager will be expected to assume full responsibilities in approximately six months.

Our client is a US subsidiary providing a range of Industrial Inspection services in the Middle East. The recently established Saudi Arabian activities have a current turnover of \$4 million which is growing rapidly. Applicants should be qualified accountants, under 30, with industrial experience. Please telephone or write to Stephen Blaney B.Comm., ACA quoting reference 1/777.

EMA Management Personnel Ltd.  
Bume House, 88/89 High Holborn, London, WC1V 6LR  
Telephone: 01-242 7773

## Director of Administration and Finance

London Area

Salary negotiable in excess of £17,000.

This is an unusual and challenging position for a high calibre executive with a proven record. Since it is a completely new post it offers the opportunity of helping to implement systems within the team framework of a subsidiary of a major public quoted group.

You will probably be around fifty years of age with an accountancy qualification and administrative experience at director level. Previous experience with one or more large, multi-department companies, computer

user's techniques and Company Secretarial work is essential.

You must certainly enjoy the responsibility of a fast moving and demanding environment and a motor industry background would be especially relevant.

The generous salary, company car and pension arrangements available are each negotiable in detail in order to provide a total reward package tailor-made to fit the circumstances of the executive appointed.

Applicants, male or female, please telephone Peter Wragg on 01-903 9477 or write to the Recruitment Manager, quoting ref. M 1568, Aplin Phillimore Associates, Circle House North, 89-91 Wembley Hill Road, Wembley, Middlesex, HA9 6BL.

## APLIN PHILLIMORE ASSOCIATES EXECUTIVE SEARCH &amp; RECRUITMENT SPECIALISTS

## FINANCIAL CONTROLLER

c.£12,000 + car

Dubai

Our client, established for 25 years, imports a variety of consumer durables including motor vehicles, builders' hardware and electrical equipment. The company has branches in five United Arab Emirates and Oman and is expanding.

We are looking for a qualified accountant about 30 years of age preferably with experience.

Interviews will be held in Birmingham, Edinburgh or London.

Applicants should apply for a Personal History Form quoting ref AC162 to:-

Roy Jones,  
Thornton Baker Personnel Services Ltd.,  
Kennedy Tower, St. Chad's Queensway, Birmingham B4 6EL.  
A member of the Management Consultants Association.

Personnel and Industrial Relations Consultants

## FINANCIAL PR EXECUTIVE

Leading international public relations organisation seeks qualified individual for its London office to assist managing director, interact between clients and members of financial community in the U.K. and on the Continent. Excellent career opportunity. Compensation £5,000 per annum. Please send resume to Box F.1038, Financial Times, 10, Cannon Street, EC4P 4BY.

## ACCOUNTANT £8,000!

Lloyds insurance and short term money market investment experience essential, required by City brokers.

Personnel Appointments  
01-586 7921

## Uib UNITED INTERNATIONAL BANK LIMITED

UNITED INTERNATIONAL BANK LIMITED is expanding its coverage of foreign exchange markets. It seeks applications from experienced Foreign Exchange Dealers preferably with a knowledge of Scandinavian currencies.

## Foreign Exchange Dealer

The likely candidates will be in the age range of 25 to 35 years, with a minimum of four years' dealing experience. Salary and conditions will be attractive and commensurate with the responsibilities of the position.

Applicants should write in confidence, enclosing a copy of their curriculum vitae, to W. E. Davis Senior Manager - Operations, UNITED INTERNATIONAL BANK LIMITED, 30 Finsbury Square, London EC2A 1SN.

## FINANCE DIRECTOR

Birmingham About £10,000 initially plus car.

A substantial non-ferrous semi profit centre, part of a major group, needs a commercially-orientated Finance Director. The unit (£27m turnover) is a significant contributor to group profits. The major business priorities to which the Finance Director will be expected to make a real contribution are the maximisation of profit levels and the development of future business strategy. He/she will join an existing team of able fellow directors, median age 44. He/she should be able to think ahead and develop beyond the financial discipline since opportunities exist for progression within both the unit and parent group.

The minimum criteria are considered to be:-

- ★ age, 30 to 45 years
- ★ a qualified accountant, ideally with a graduate or MBA background
- ★ management experience, as head of an accounting function in a medium sized company, or as deputy in a larger unit, preferably operating in a metals environment.
- ★ broad based commercial knowledge, outside the normally accepted financial accounting territory.

This is a restructured position and will include responsibility for the metals buying function. A realistic, results geared salary package is on offer. Generous relocation expenses are available if necessary.

Please write, setting out your business experience against the above criteria, to:

R.C.B. Darrell,  
Executive Resources Ltd.,  
City Centre House,  
Union Street,  
Birmingham B2 4SR.  
Tel: 021-643 6070.

## Financial Accountant

c.£7,750

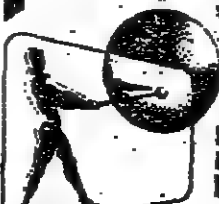
A turnover of around £70 million per year and a sophisticated marketing operation for leading hi-fi, photographic and theatre equipment puts Rank Audio Visual with the front-runners in a highly competitive business. An efficient accounting service is, of course, an important ingredient in our continuing success but, in addition to providing this service, the qualified Accountant we need at our Brentford headquarters should be interested in improving the existing systems within the central financial function.

The ideal man or woman should have had at least two years' post-qualification experience, preferably in industry, and a knowledge of computerised systems. A pleasant diplomatic manner is essential as you'll be dealing with management at all levels within the Rank Organisation and up-to-date knowledge of wages procedures will prove useful.

Salary for this position is negotiable around the figure above and the benefits package is exactly as you'd expect from this successful organisation.

Please telephone or write with full career details to Valerie Hutchings, Personnel and Training Officer, Rank Audio Visual, PO Box 70, The Great West Road, Brentford, Middlesex, Tel: (01) 569 9222 ext 649.

RANK AUDIO VISUAL





## Management Consultant

Computers  
West Yorkshire, to £8,000

Our client is a well established and respected firm of Chartered Accountants operating on a broad client base both nationally and internationally. The requirement is for a professional consultant to operate within the Management Advisory Services Division of the firm. Reporting to the Executive Director responsibility will be in two main areas; feasibility studies, selection and advice on the installation of mini-computers for clients, together with program implementation; file

interrogation and data capture techniques for large client installations. Candidates aged 28 to 40 will have a degree or professional qualification with up to date knowledge of the market place and sound computer experience either in a consultancy capacity or senior management position. Additionally they will be self-starters with the imagination and confidence necessary to operate at senior executive level in all aspects of industry, commerce and local government. The benefits package and prospects are first class.

P. Adderley, Ref: 11110/FT

Male or female candidates should telephone in confidence for a Personal History Form to:  
LEEDS: 0532-448661, Minerva House, 29 East Parade, LS1 5RX.

### Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, and SHEFFIELD.

## GROUP FINANCIAL ACCOUNTANT

West Midlands  
from £7,500 + Car

An expanding Engineering Group requires a Financial Accountant. Reporting to the Group Financial Controller, the Financial Accountant will be responsible for the financial and management accounting function.

Candidates should be between 30 and 35 years of age and must have a recognised accountancy qualification, together with considerable experience in industry. The initial salary is negotiable from £7,500, and a company car will be provided. There is an excellent pension scheme and assistance will be given with relocation expenses, if necessary.

Write Box A.622,  
Financial Times,  
10, Cannon Street, EC4P 4BY.

## Corporate Finance

### Leading International Merchant Bank seeks an M.B.A.

Our Client is a prominent and well established Merchant Bank with an active and diversified Corporate Finance department.

Expansion of the department's activity necessitates the recruitment of an additional team member to assist in the development of the bank's fee-earning and specialist financing activities which include cross border leasing and taxation consultancy.

Ideal candidates for this position will be numerate business graduates, probably in their late 20's, with a background in corporate finance and/or leasing with an international or merchant bank. Personal qualities of initiative, maturity and self-motivation are regarded as essential, particularly since a high degree of customer contact and some international travel will be involved. This is a most attractive and challenging role with a compensation package to match.

Contact A.J. Tucker M.A., A.I.B. in confidence on  
07-248 3812

### NPA Recruitment Services Ltd

60 Cheapside London EC2. Telephone: 01-248 3812/3/4/5

## CONTROLLER AND COMPANY SECRETARY

Berkshire c. £8,000 + Car

Our client, the UK subsidiary of a US based corporation, imports and markets brand leading consumer products to retailers in an established but competitive environment.

Prompt and meaningful reporting of trading trends and results, combined with tight controls over inventories, receivables and cash flow, are essential to the company's future prosperity. A male or female qualified Accountant, with appropriate commercial experience is therefore sought who will report to, and work closely with, the UK Managing Director.

Initiative in accounting and financial matters and an ambitious concern for overall business development are qualities which will be recognised and suitably rewarded.

Please send brief personal and career details, in confidence, and quoting reference A89 to:

Douglas G. Mizon,  
Whinney Murray & Co.,  
57 Chiswell Street,  
London EC1Y 4SY



## TAXATION MANAGER

International Operations  
c. £10,000 & car

The Quarry Products Division is a highly successful member of the Tarmac Group. We are leaders in the aggregates industry with diverse operations on an international scale. To meet the increasingly complex problems of taxation in a £170m+ turnover business, we are making a new appointment of Divisional Taxation Manager. The effective management of our corporate taxation affairs is crucial and the requirements of this post are correspondingly demanding. The Taxation Manager will operate in a multi company context including overseas companies, providing comprehensive advice and direct involvement in a very wide range of taxation affairs.

Applicants must be professionally qualified, preferably in Accountancy, and have at least 5 years' in depth experience of corporate taxation and related areas, gained in industry, the profession or the Inland Revenue. Senior management experience is essential, coupled with the ability to deal effectively with directors, colleagues and outside agencies.

We offer a challenging new appointment with excellent career possibilities in an international group. The salary and benefits package will be in line with large company practice, and includes a first class contributory pension and life assurance scheme.

Candidates, male/female, should write with full c.v. to:-

R.D. Symons,  
Tarmac Roadstone Holdings Ltd.,  
Roadstone House, P.O. Box 44,  
50 Waterloo Road,  
Wolverhampton-WV1 4RU.



### Tarmac ROADSTONE

## Executive Syndicated Loans

C. US\$35,000 + Accommodation, car, bonus The Gulf

One of the largest commercial banks in The Gulf, now in a phase of dynamic expansion, requires a loan executive in its investment and corporate finance department to assist an established team in developing its international lending operations.

Candidates in their early thirties, should have a sound background of putting together syndicated loans and/or performance guarantees and all aspects of international trade financing, together in each case with a detailed knowledge of documentation. This appointment offers excellent scope for career development and capital accumulation.

Benefits include free medical facilities and 45 days holiday each year. Renewable contracts are for 2 years.

Applications in confidence, quoting ref: 6264 to B. G. Luxton, Mervyn Hughes Group, 2/3 Cursthorpe Street, London EC4A 1NE. Tel: 01-404 6901.

### Mervyn Hughes Group

Management Recruitment Consultants

## Regional Financial Director

A Fortune 100 U.S. based multi-national in health care consumer products seeks a Regional Financial Director for Benelux/Scandinavia. Based in Amsterdam and reporting to the Regional Director, responsibilities include the roles of Chief Financial Officer, Netherlands, and Senior Financial Staff Officer in the region for treasury, accounting, EDP and legal functions.

controller and/or treasury functions with manufacturing multi-nationals, now in a senior capacity. Some auditing or banking experience is desirable. The post offers excellent remuneration and opportunity for a performance oriented, creative yet pragmatic financial man.

The identity of candidates will not be revealed to our client without prior permission. Applications, quoting Ref. A927/FT, should include details of age, experience and current salary and be sent to:

### PA Management Consultants BV

184 Keizersgracht, 1016 DW Amsterdam, Holland. Tel: Amsterdam 23 66 82



A member of PA International

## Which?

### Pensions Administrator

Central London to £8000

Consumers' Association, (T/O £8m) publishers of Which? magazine, have created the post of Pensions Administrator. They have in mind someone (male/female) with wide experience of pensions and related financial matters, a feel for personnel and a penchant for detail. Reporting to the Head of Finance, the Administrator will be responsible for the management and routine operation of the pension scheme (including maintenance of records), counselling staff, liaising with the major insurance company funding the scheme and acting as Secretary to the Trustees of the Pension Fund. REF: 457/FT. Apply to R.P. CARPENTER FCA, FCMA, ACIS, 3 DeWalden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

### Phillips & Carpenter

Selection Consultants

## SENIOR INTERNAL AUDITOR—BANKING

Age 28-45 £ negotiable

International Merchant Bank in the City requires able and decisive person to assume responsibility for its Audit function.

The successful Candidate will have an in-depth knowledge of Internal Audit work, and be fully conversant with the accounting required for Foreign Exchange and Eurobond Trading.

This is a key appointment, and the appointee will report directly to the Chief Executive.

To discuss this position, in complete confidence, please telephone Rod Jordan (General Manager)

BANKING PERSONNEL

4142 London Wall London EC2. Telephone: 01-588 0781

## Opportunities in Money Broking

We're looking for ambitious people to join our expanding organisation. We are M.W. Marshall & Co. Ltd., one of the world's leading international Money Brokers, and we have vacancies for dealers in a number of departments in our London office.

The job calls for energy and initiative with the ability to work as a member of a small close-knit team. These qualities are more important than experience, although a financial background would be an advantage.

We offer a competitive salary which, after a period of training, will be related to initiative and performance. There are also excellent opportunities to work in one of our 12 overseas offices.

If you are interested in joining us, please write with full details of your career to M.J. Warren, Managing Director, M.W. Marshall & Co. Ltd., 53 Cannon Street, London, EC4N 6LL.

### Marshall's

## MAYFAIR ESTATE AGENTS ACCOUNTANT

PROPERTY MANAGEMENT DIVISION

An opportunity exists for an ambitious, accountant capable of controlling a mechanised system in property management and able to present information required by management and clients. The role will be demanding and interesting and full responsibility will be given in this expanding division. A good salary will be offered with scope for advancement.

Please ring Christopher Blyth Tel. 01-499 9863

## N. M. Rothschild & Sons Limited

### Latin America

N. M. Rothschild & Sons seek an additional executive for their Latin American team. The work involved would have a bias towards corporate finance.

The ideal candidate would probably be aged 25-30 and would have 3-4 years' experience in merchant banking or other financial activity, such as accountancy, law or other financial aspects of industry or commerce.

Knowledge of Portuguese or Spanish or, alternatively, a proven ability to learn languages, would be essential.

After some months in London to become thoroughly conversant with the business of the firm, the person chosen would be expected during his career to work for periods in our Latin American offices as well as in London.

Please write in strict confidence with full details of career to date to:-

Personnel Director,  
N. M. Rothschild & Sons Limited,  
New Court, St. Swithin's Lane,  
London EC4P 4DU.



## CREDIT ANALYST

North American bank wishes to appoint an experienced analyst with international banking background to provide back-up to lending officers. The post entails credit analysis as well as client contact and could lead to lending officer status. Ideally aged between 25/35 with possibly a degree or professional qualification. Salary up to £7,000.

## ACCOUNTS MANAGER

A North American bank seeks to appoint a person in their mid 20's who has either recently qualified in the accounting profession or, alternatively had 3/4 years' experience of computerised accounting systems. Bank of England and VAT returns, and internal management reporting. Excellent future prospects. Salary up to £7,000.

## LOANS

### ADMINISTRATION

We presently seek two people with experience in Eurodollar syndication loans, documentation, agreements, rate fixings, etc. Salary will be around £8,000 and the position could lead to credit analysis or corporate finance for the right candidates.

These positions are open to male or female applicants.

## BSB Banking Appointments

115-117 Cannon Street, London EC4N 5AX. Telephone 01-623 7317 & 01-623 9161

Recruitment Consultants

## ASTLEY & PEARCE LIMITED

Vacancies exist for Foreign Exchange personnel with two or more years experience.

Please reply, in confidence, to The Director, Foreign Exchange, 20 St. Swithin's Lane, London EC4N 8EN.

## Jonathan Wren Banking Appointments

The personnel consultancy dealing exclusively with the banking profession



### BANKING HALL MANAGER

A leading Accepting House requires an experienced banker to manage its West End office Banking Hall. The ideal candidate will be working for a clearing bank branch in the West End, probably as an assistant manager. The position will involve considerable customer contact, developing new business and maintaining existing relationships.

Contact: Mike Pope

### PENSIONS/BENEFITS ADMINISTRATION

This vacancy occurs within the Personnel Department of a leading merchant bank (Member of the Accepting Houses Committee). The bank wishes to engage a person who has substantial experience to offer in the field of Fringe Benefit Administration, and who, in particular, can show a creative approach to the tailoring of individual pensions while working in conjunction with professional advisers. The successful candidate will work within a professional personnel team and will receive a generous salary commensurate with experience.

Contact: David Grove

### GRADUATE CLEARING BANKER

We have been requested by a number of banks to seek young people, 23/28, who upon graduating from university within the past few years, joined a Joint Stock Bank but now find that advancement is blocked. The positions include Trainee Credit Analyst, Corporate Finance Trainee and an entry into the International Lending field is offered. A business oriented degree and knowledge of another European language would be an added advantage.

Contact: Richard Meredith

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9



## Young Financial Controller

Hertfordshire, from £10,000 + car  
Our client is the UK subsidiary, turnover £100 million, of the largest US pharmaceutical corporation. Internal promotion in the UK company has created this new position: reporting to the Director, the function will have full responsibility for financial control within the company, managing a department of 35, including 4 qualified staff. The ideal candidate will be aged 28-32, qualified, experienced in US-oriented operations, and able to demonstrate particular strengths in man-management and EDP. The prospects for a good performer are excellent.

Mrs. Indira Brown, Ref: 19109/FT

Male or female candidates should telephone in confidence for a Personal History Form to:  
LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

**Hoggett Bowers**  
Executive Selection Consultants  
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE AND SHEFFIELD.

## Company Secretary

Major International Company  
Central London: c £12,000 and car

Following a promotion and recent re-organisation, an experienced Company Secretary is required for the principal operating subsidiary of a leading blue-chip group. In addition to the full range of secretarial functions which are supported by specialists, the appointment involves an additional role of an advisory and communications nature at various levels throughout the group within a small team in Central London.

Candidates should be university graduates, probably aged 30 to 35, and should be chartered secretaries or legally qualified. Relevant experience in a sophisticated group would be preferred.

Exceptional prospects of advancement are planned leading to promotion.

Please telephone (01-629 1844 at any time) or write for information, quoting ref. B.8180, to B. G. Woodrow, MSL, 17 Stratton Street, London W1X 6DB.

This appointment is open to men and women.

**MSL SPECIALIST RECRUITMENT**  
CHARTERED SECRETARY

## Divisional Director—Supply

Defence Equipment Contracts Overseas

for International Military Services Limited who are contractors and act as the commercial arm of the M.O.D. In ten years the Company has built up turnover of £250m. a year: it is still growing steadily.

This is a new appointment with accountability to a Main Board Director for the general management of a division with a staff of 50 and with a contract turnover of £185m. a year. The task is to follow up sales initiatives, to negotiate and ensure the procurement of equipment and the fulfilment of contracts for the supply of defence equipment and systems. Close co-operation with British manufacturers and the M.O.D. is essential.

Candidates: not over 55, must be able to demonstrate, from their background and experience of export business in capital industry, an ability to handle defence sales to overseas governments.

Commencing salary not less than £10,000 p.a., London based.

Please telephone (01-629 1844 at any time) or write — in confidence — for more information and application form.  
G. V. Barker-Benfield ref. B.8187.

This appointment is open to men and women.

**MSL**  
United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.  
International Management Consultants  
17 Stratton Street London W1X 6DB



the independent oil exploration company based in St. James's has an immediate vacancy for a young, experienced and imaginative

## CHIEF ACCOUNTANT

to exercise via a small manual accounts department integrated fiscal control of a diverse group of companies.

The successful applicant, who must be qualified, will be directly responsible to the Financial Director. He/she must however have not only the ability to function autonomously, but also the wish to quickly become part of the management team of a progressive company.

Salary and benefits will be highly competitive for the right person, and commensurate with the challenging and responsible position offered.

Please send a brief but comprehensive CV with full details of your professional experience and the type and level of your previous responsibilities to:

Anthony L. H. Jankel, ACA,  
CLUFF OIL LIMITED,  
38 St. James's Street, London, SW1A 1LD.

## BANK MANAGER

An expanding international Merchant Bank, based in London, requires a General Manager to take charge of U.K. commercial banking activities.

The successful candidate will be expected to strengthen the organisation of the domestic banking department as well as developing its business, and should therefore have suitable administrative experience at managerial level together with a thorough knowledge of commercial and merchant banking.

The salary will be commensurate with experience, and a comprehensive range of benefits is offered.

Please write Box A.6423,  
Financial Times,  
10, Cannon Street EC4P 4BY.

A leading international financial institution of the highest reputation is anxious to attract a:

## Project Finance Manager

who will be engaged in identifying, analysing, structuring and selling financial services in the Middle and Far East.

It is considered essential that candidates should have had experience in developing countries and in the marketing and selling of financial services in addition to previous service in investment or commercial banking, or alternatively in a multinational company.

The requirement is for someone with entrepreneurial instincts and an excellent educational background, which could include an M.B.A. or a legal degree. In view of the emphasis which is placed upon the quality and attainments of the successful candidate, the salary and other fringe benefits offered are particularly attractive.

Comprehensive details of career should be sent in confidence to:

Box 2141, Gould & Portman Limited,  
Caroline House, 55/57 High Holborn, London WC1

## Partnership Accountant

Due to rapid growth, a well established firm of solicitors, with offices in the City and Guildford, specialising in shipping, insurance and transportation work, wishes to appoint a young Accountant based in Guildford, to assist the firm's Partnership Secretary in a wide range of activities.

The candidate appointed to this new position will be responsible for the preparation of the firm's financial and management accounts and the administration of the Accounts Department. Additional duties will include aspects of office and personnel administration as well as the transfer of management information from its present mechanised form to a computerised system.

Suitable applicants will be qualified accountants in their early twenties; a salary of £7,000 including bonus will be offered, together with other fringe benefits.

Please phone for application form, or write with adequate particulars to Diana Ashman, Personnel Services Division of—

Spicer and Pegler  
Management Consultants,  
3 Bevis Marks,  
London EC3A 7HL  
Tel: 01-283 2683

## BANK APPOINTMENTS

**FX DEALERS** £7,500-£8,000  
2 vacancies. Age 25+ up to 5 years' dealing experience.  
**STERLING DEALER** £7,000-£8,000  
Age 25+ with good previous banking experience.  
**HEAD OF IMPORT/EXPORT SECTION** £5,000-£7,500  
Age 35-45. Fully experienced ECGD with working knowledge of European finance availability.  
**INTERNAL AUDIT** £5,000-£6,000  
2 vacancies. Age 30/ish. International or Merchant Bank background.  
**CREDIT CONTROL/LOANS ADMIN.** £5,500-£6,500  
Age 25-30.  
**EUROBOND SETTLEMENTS PEOPLE** £3,500  
2 vacancies. Age 20+.

For these and many others call Della Franklin  
248 6071 or 236 0691  
ALANGATE EMPLOYMENT AGENCY



## RECRUITMENT ADVERTISING

35 New Broad Street, London EC2M 1NH  
Tel: 01-588 3588 or 01-588 3576  
Telex No. 887374

THIS IS A UNIQUE OPPORTUNITY FOR A UNIQUE PERSON — HENCE SALARY NEGOTIABLE.

## FINANCIAL CONTROLLER AGED 35-50

NEGOTIABLE SALARY

FOOD MANUFACTURERS WITH TURNOVER IN EXCESS OF £150 MILLION

The successful candidate will be responsible direct to the Board of this major subsidiary of an international food group for the complete accounting function of over 20 operating units in the United Kingdom. Having proved his/her worth as a member of a small and energetic management team, a Board appointment could be anticipated. He/she must have had relevant experience in a substantial manufacturing company. This is a unique opportunity for a unique person — hence salary negotiable.

Please write in confidence to:

L. G. HARPER, HOWARD, TILLY & CO., COMMONWEALTH HOUSE, 1 NEW OXFORD STREET, LONDON WC1A 1PF

## COMMERCIAL MANAGER

Age 28-40 c£7,500

A well-known City Bank seeks to appoint a mature and capable Banker with extensive knowledge of import/export finance gained from within an international Banking House. Full exposure to E.C.D. negotiations and agreements is essential, as is the ability to represent the Bank. European languages would be an additional advantage, and the successful candidate will exhibit personal qualities of leadership and self-motivation.

In the first instance, please telephone, in confidence, Mark Stevens

### ACCOUNTS MANAGER

Age 25-30 c£6,750

Expanding Bank in City requires person with minimum 4 years' experience in all aspects of currency accounts, to control department of 6 staff. Fringe benefits include bonus. Please telephone Rod Jordan

### TRAINEE CREDIT ANALYST

Age 23-28 £5,250

Major U.S. Bank seeks 3 young Bankers with sound Charged Securities experience and min. Part I A.I.B. to join lending teams. Ideal opportunity for ambitious Clearing Banker. Please telephone Brian Durham

If you are seeking to further your career in banking, our Consultants would be only too pleased to discuss your requirements

**BANKING PERSONNEL**  
41/42 London Wall London EC2 Telephone: 01-588 0781

## FINANCIAL CONTROLLER

SAUDI ARABIA

c. £16,000 p.a. Tax Free

Our clients, a major administration and support services company, who are expanding their operations in the Middle East, are currently seeking a Financial Controller to be based at their Headquarters in Dammam. Applicants should be professionally qualified, have strong financial management experience, coupled with an entrepreneurial flair, and be able to cope with a rapid expansion programme.

The post will involve considerable travel within the Kingdom and will be initially on an unaccompanied basis although married status will be considered after a three-month period. Fringe benefits commensurate with the importance of the post will be provided with a generous leave allowance.

Applicants should write with career résumé quoting reference 12 FC/161 to:—

**F. J. SELLECK ASSOCIATES (U.K.) LIMITED**  
International Recruitment Consultants,  
Prospect House, 17 North Hill, Colchester, Essex CO1 1DZ,  
Telephone: 0206 65252



## GENERAL MANAGER

### Accounting and Administration

Transport International Pool, world leader in trailer rentals, and part of an international transport management group whose sales revenue in 1977 exceeded \$200 million, seeks a General Manager, Accounting and Administration, to be based in its Amsterdam Office.

If you are aged between 30 and 40, are a qualified accountant, and are used to contributing significantly to the efficiency and profitability of companies with which you have been involved, then you could be the person we are seeking.

If, in addition, you have at least five years' management experience, are fluent in English and German, and preferably also in French and Dutch, and would welcome the chance to be part of the management team of a fast-growing company in a new and exciting field.

Please write in confidence, to J. A. Cleary, Transport International Pool Ltd, Star House, 69-71 Clarendon Road, Watford, Herts., giving a day-time telephone number.

Salary will not be a limiting factor for the right person of either sex.

**Transport International Pool**

## DIVIDENDS CLERK

c. £5,000 inc. bonus. Age 20+.  
Ring Mr. Robson  
C.B. PERSONNEL  
01-493 5641.

## INDUSTRIAL RELATIONS MANAGER—EUROPE

FROM: £10,000

U.S. electronic company is seeking an individual to assume responsibility for its European industrial relations activities. This assignment will include recruiting, record maintenance, training, contract negotiation and the development, implementation and administration of personnel policies and procedures for subsidiaries located throughout Europe.

This position will be sited in north-west London and will require extensive travel throughout Europe as well as periodic visits to the Corporation's headquarters in the U.S. The successful candidate will have had extensive experience in industrial relations in a multinational environment. The preferred fields of experience include: works council/union negotiations, compensation and benefit programme development, management development and training programmes, development and administration of marketing incentive programmes and expatriate administration. Fluency in other languages besides English would be beneficial but not essential.

The successful candidate, male or female, will receive the benefits of a large corporation including relocation to the extent necessary.

Please write, briefly, enclosing career details to  
Box A.6420, Financial Times  
10, Cannon Street, EC4P 4BY.

An international investment group with prominent Middle Eastern shareholders is seeking dynamic young people for its London-based subsidiary. The Group's main activities are in Project Development, Corporate Finance and Advisory Services.

### CORPORATE FINANCE OFFICER

25-30 years old, with an MBA degree and some experience in international investment banking, preferably with Middle East orientation. The successful candidate will report to the Director of Corporate Finance and will be required to travel extensively. Knowledge of Arabic though not essential, is a definite advantage. Salary will be commensurate with qualification and experience.

### ACCOUNTANT/ADMIN.

The position requires ability to prepare accounts to Trial Balance Stage as well as the motivation to handle various administrative matters within a small office. Responsibilities will include preparing Management Accounts, maintaining all prime books of record as well as Nominal Ledgers, raising with the external Auditors, preparing PAYE and efficient management of office facilities. Experience with foreign currencies essential. Professional qualifications would be definite advantage but not necessarily required. Salary in the range of £6,000-£7,000 depending on qualifications.

### RESEARCH ASSISTANT/TRANSLATOR

The candidate would be 25-30 years old with University degree preferably in Economics or related subjects, with good command of both English and Arabic. Experience in banking, investment or development institutions would be highly relevant. Duties include preparation of background papers on country or sector, economics, statistics and market review as well as translation from Arabic to English and vice versa. Salary will be in the range of £5,000 depending on qualifications and experience. Reply in strict confidence enclosing detailed C.V. to Box A.6419, Financial Times, 10, Cannon Street, EC4P 4BY.



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We wish to recruit an Economist to analyse all information related to the Gilt-edged market.

Applicants must have a degree in economics or possibly a post-graduate qualification. Experience of financial markets is desirable but not essential, though a particular interest in worldwide monetary trends would be appreciated.

This position within the Gilt-edged Department offers an outstanding opportunity for self-expression, both verbally and in written form to a wide audience.

Replies to Roger Parsons  
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01-638 4010

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to be responsible to the Deputy Group Chief Accountant for managing the Group Accounts Unit based at Solihull, West Midlands, and for:-

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- \* The provision of management information
- \* The maintenance of the supporting accounting records
- \* The control of accounting information submitted by other subsidiaries

The successful candidate will have:-

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The preferred age is over 30. Remuneration will be of interest to those at present earning around £7,000 p.a. Benefits include an advantageous house loan scheme, and non-contributory pension. Any necessary relocation expenses will be reimbursed. Full details of qualifications, relevant experience, and career to date:

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Its Development Business Department, with a possible SILENCE PERIOD IN LONDON.

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- Salary negotiable

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We are prepared to offer a very attractive salary and a good fringe benefit package to the successful applicant.

If you are interested, please apply in writing in strict confidence to:

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## PRIVATE INVESTMENT COMPANY requires TRADERS

Applicants should have experience in U.S., U.K. and foreign markets, or in Eurobonds and Euro-currencies.

Please write Box A.6421, Financial Times,  
10, Cannon Street, EC4P 4BY.

## A FINANCIAL TIMES SURVEY AUSTRALIA

SEPTEMBER 18 1978

The Financial Times plans to publish a major Survey of Australia. The provisional editorial synopsis is set out below.

**INTRODUCTION** The joint given to the country's self-confidence by a period of economic recession and political controversy; renewal of Mr Malcolm Fraser's mandate as Prime Minister after a well-timed general election; rising higher unemployment to keep inflation in check; closer relations with Asian states; disputes with the EEC over trade barriers.

**POLITICS** The Fraser Government's expectation of a long period in power; change in leadership of the Labour Party with Mr. Gough Whitlam stepping down and being replaced by Mr. Bill Hayden.

**THE ECONOMY** The Government's success in holding prices in check; record unemployment; manufacturing badly hit by the recession.

**THE 1978 BUDGET** The August Budget as a key to the Government's intentions and likely success in holding down inflation, maintaining the exchange rate and strengthening the base for future recovery.

**URANIUM** The importance of the controversy over mining and exploitation in a country with more than 20 per cent of the Western world's uranium reserves.

**MINING** A vital factor in Australia's balance of payments; cutbacks in iron ore and coal demand from Japan's depressed steel industry.

**MANUFACTURING** The Sector of the economy hardest hit by recession; long-term trend towards a smaller contribution to Australian GDP.

**FOREIGN INVESTMENT** One of the keys to economic recovery; slow increase in a number of new ventures; incentives again under review.

**MOTOR INDUSTRY** Two of the worst years on record for 16 car makers despite a Government policy guaranteeing from 20 per cent of the domestic market; looking to foreign partners for help.

**TRADE** Pressures on the Government from the ASEAN countries for greater access to the Australian market. Strains with the EEC and in the all-important relationship with Japan.

For further details on advertising rates in this Survey and other advertising requirements please contact:

John Hayman  
Financial Times, Bracken House  
10 Cannon Street, London EC4P 4BY  
Tel: 01-248 8000 Ext. 263

FINANCIAL TIMES  
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

**FOREIGN RELATIONS** Despite his criticism of the previous Government, Prime Minister Fraser has increasingly turned his attention to the Third World.

**BUSINESS REGULATION** With an agreement now between the Federal and State Governments, a nationwide system of regulations for the stock exchanges and companies will be operating in Australia next year.

**POPULATION** Despite high unemployment there are still many influential advocates of a resumption of a high-level immigration programme.

**FEDERAL RELATIONS** The federal system has had another testing year, marked by serious Federal-State disputes over policies towards the aborigines, development projects and taxation.

**LIFESTYLES** Whatever the general economic problems, many Australians can afford expensive recreation activities, creating boom conditions in some of the leisure industries.

**FARMING** With pockets of severe depression, as in the beef industry, the rural community has become increasingly politicised and vocal.

**SECURITIES** The shake-out of the securities industry has continued but many of the survivors see brighter days ahead in the form of renewed signs of foreign interest in the markets.

**BANKING AND INSURANCE** The Financial institutions; a nervous year in some respects, especially with the Government's determined interventionist attitude on interest rates and in view of the extremely tight money conditions.

**THE UNIONS** Facing as many problems as the business sector, the unions have been increasingly looking to mergers and reorganisation as they contend with high unemployment and falling membership.

**NORTH-WEST SHELF** A progress report on Australia's biggest development project.



# BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

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Our client is a profitable, well capitalised member firm of The Stock Exchange with substantial overseas business and its own advanced computerised systems.

It believes that only firms with adequate capital will emerge strongly from the slowly evolving reorganisation in the international securities industry.

The firm wishes to expand in the UK in all business areas including Gilts, Institutional Equities and Private Clients.

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D. F. Robinson of Spicer and Pegler,  
Chartered Accountants,  
56-60 St Mary Axe, London EC3A 8BJ  
(01-283 2683)

## THE MULTI-MILLION £ GROWTH MARKET

### THE FACTS

During 1977, in excess of 3 MILLION square metres of replacement window framing was installed within the British Home Improvements market.

Independent, authoritative forecasts indicate that demand will have doubled by 1980.

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Softwood and aluminium have dominated 90% of the market to date. Now is the time for change.

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The only exclusively All British, maintenance free, steel reinforced, uPVC Window System, designed specifically for the British market.

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You provide the business acumen, determination to succeed, assembly space, direct selling and installation service.

If you can demonstrate that you are already reputedly and profitably established within the construction industry (preferably with some involvement in the P.L. sector) and are seeking, and can handle, substantial expansion through diversification, then we invite you to contact us immediately. Submissions (PRINCIPALS ONLY PLEASE) should include an indicative C.V. related to your existing business. Confidentiality guaranteed.

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Full details from P. A. Brown, BROWN BROTHERS LIMITED, Victoria House, 10, Cannon Street, London EC4A 4BY. Tel. 0242 25661, Telex 82841.

# Advertising and the Major change at Kraft

STRANGE TO relate, but Kraft is to be fully integrated into the mainstream. Kraft's UK operation, now turned over £100m a year, has made losses recently. As a result, the division has been formed into a new company, Kraft Foods UK, which will be run by a new manager, John Robinson. The new company will be a subsidiary of the parent company, Kraft Foods Inc. The new company will be a subsidiary of the parent company, Kraft Foods Inc. The new company will be a subsidiary of the parent company, Kraft Foods Inc.



Small is beautiful. TSGH, informing the world of the new product, has built a team of creative thinkers: writers, art directors, marketers and researchers. Another sheet in the document this time in off-mauve. "What does a £25,000 London copywriter know about the problems of a housewife in Harlepool?" before launching into a description of how three months. TSGH's are men are dispatched to Wigan and Dundee to "listen to" D'Arcy-Mackenzie and Mafin or Young and Rubicam.

## R & D insights

BY PETER KRAUSHAR  
THERE HAS been much criticism about the fall in R and D expenditures in Britain, following the recent papers by the Science Policy Research Unit at Sussex University. This long-term decline in R and D expenditures in most UK industries is certainly a serious matter and it is obviously important to reverse the trend if British companies are to hold their own in the future. Yet it is amazing how much companies have continued to spend on R and D even during the recent depression. A study of 24 large and medium-sized food companies carried out recently provided some interesting insights on current R and D and new product activity in a market where R and D expenditures are traditionally very low in relation to turnover. Sixteen of the 24 companies have over ten R and D executives; one has over 140. In 18 companies their average experience in R and D is at least seven years and in six it is over ten years. Twenty-three of the 24 companies have pilot plant facilities and eight of the 21 replicating this question each spent in 1977 over £500,000 on new product development. R and D marketing development and the launch costs of new products. Three companies spent over £1.2m. Finally, 14 of the 24 companies launched at least three new products into test market last year. These figures certainly do not suggest that the companies concerned are neglecting innovation, even if one has the feeling that the cost-effectiveness of such expenditures often leaves much to be desired and that companies are still very much afraid of the risks inherent in real innovation. It is really it is wrong to consider the levels of R and D expenditure in isolation from the other factors which affect new product success. Despite all that has been written on the subject, companies still find it extremely difficult to know how to approach innovation. This is not surprising because they are obviously set up to handle today's business rather than tomorrow's. Fundamental research in areas such as food has on the whole not been very cost-effective. This may well be the fault of inadequate direction by the commercial executives. But whatever the reason, attention to applied development rather than research has tended to pay off far better. This is, of course, the approach that the Far Eastern countries have found so effective and it is argued that the UK companies must seek more fundamental innovation. Then it will be unquestionably necessary to find ways of integrating fundamental research and marketing. Far more successfully than any UK

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## HOUSE BUILDING COMPANY

with reasonable land bank. LOCATION EAST & SOUTH MIDLANDS. A. E. Smith A.C.A., 19 Southwell Avenue, Southwell, Notts. NG25 8AE.

## PRIVATE COMPANY

Private company seeks to acquire HOUSE BUILDING COMPANY with reasonable land bank. LOCATION EAST & SOUTH MIDLANDS. A. E. Smith A.C.A., 19 Southwell Avenue, Southwell, Notts. NG25 8AE.







# Business needs certainty

BY A. H. HERMANN

THE EEC COMMISSION has been much criticised recently, particularly in Germany, for abandoning the principle of free competition for the sake of regulatory "protection" carrels for all man-made fibres and shipbuilding. But there are signs that the Competition Department of the Commission intends to balance these developments by enforcing the anti-trust rules of the EEC Treaty with even greater vigour in other fields of industry.

One can be in favour of competition, or regulation, and indeed it is possible to argue that both these approaches can be justified for different industries or at different times for one and the same industry. But everyone will agree that anti-trust enforcement, as less than regulation, must be to a large extent predictable if management are not to be discouraged from taking other than routine short-term decisions.

## Policy

Unfortunately, a leading official of the Commission's Competition Department who visited London recently in order to explain the Commission's competition policy to English and Scottish lawyers, created the impression that the Commission underestimates the importance of predictability and legal certainty for business. Instead of compensating for the shortage of its manpower—it has only a staff of 30 to deal each year with some 1,600 applications of restrictive agreements—by letting everyone see what it is doing, the Commission in 1977 published only 17 decisions but settled 232 competition cases in a manner only occasionally disclosed by a brief Press release. It stresses further that its decisions should not be regarded as precedents and seems to hope that industry can be made to give up even remotely suspect agreements by an unguaranteed threat of later enforcement.

The new deterrent which the Commission intends to use in the future (and already has applied to a market sharing agreement concluded between Leadfibre Engineering, a Wiltshire-based maker of sophisticated products for use in off-shore submarine ventures, with the French Societe Nationale des Poudres et Explosifs) is based on an obscure provision tucked away in the sixth paragraph of Article 16 of Council Regulation 17/1962. According to this regulation, such agreements must be notified to the Commission which can either declare them to be innocent, or restrictive, but

Preliminary investigations would be more acceptable if all notified agreements would benefit not only from immunity from fines—which can be enormous—but also enjoyed the status of provisional validity and remained enforceable between parties—so that they could be used to the European Court withdrew it by a ruling in *Brasserie du Hocht II*. As things are now, the new policy of the Commission is only likely to convince companies that they run greater risks by notifying an agreement than by not doing so.

The impact of these developments on UK law and business does not seem to be sufficiently appreciated. An inter-departmental committee—the Hansa-Liessner Joint Committee—is now reviewing the UK's restrictive practices legislation. Yet what is modestly called "the overlap of EEC and UK competition rules," meaning that Brussels can do in this area everything that the Fair Trading Office can do and, much more, is bound to pre-empt any recommendations which the Lesser Committee will make.

exempt because they possess certain redeeming features, or prohibit them. The Commission takes up to five years to make up its mind and in the meantime the notified agreement is in a legal limbo, having a status of "provisional validity" so that it may not be enforceable in courts. But notification confers at least immunity from fines, unless the Commission withdraws this immunity by taking, after a "preliminary investigation," a provisional decision that the agreement is prohibited under the competition rules of the EEC Treaty and that its exemption is not justified. Curiously, this "provisional decision" is not listed among those which the Commission is obliged to publish, and yet this *lettre de cachet* (by which French kings used to consign dissidents to the Bastille) is more pernicious than a final adverse decision.

Such enforcement practices, heavily loaded against enterprises are all the more objectionable because, in selecting its victims out of the unmanageable stack of notified agreements, the Commission is unavoidably guided by political considerations. Moreover, what hope is there that a preliminary investigation will do justice to the problems involved when even the full investigation, which is only used to the Commission's advantage, as evident from several judgments of the European Court.

## Acceptable

Prejudicial investigations would be more acceptable if all notified agreements would benefit not only from immunity from fines—which can be enormous—but also enjoyed the status of provisional validity and remained enforceable between parties—so that they could be used to the European Court withdrew it by a ruling in *Brasserie du Hocht II*. As things are now, the new policy of the Commission is only likely to convince companies that they run greater risks by notifying an agreement than by not doing so.

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# Roche appeal: a chance to clarify EEC law

THE EUROPEAN COURT has completed hearings of the appeal by Hoffmann-La Roche against a decision of the European Commission to impose a fine of some £250,000 on the Swiss medicine giant.

The Commission had earlier held that Roche contracts obliged—or induced by means of loyalty discounts—22 companies in the EEC to cover either all, or at least a substantial part of their vitamin requirements with the purchase of Roche products. Mr. Advocate General Reischl will deliver his Opinion as soon as the Court reassembles on September 19. The judges will therefore have at least another month to ponder the implications of this unique case, which started with criminal proceedings in Switzerland against a former Roche employee who provided the Commission with information, including internal circulars and minutes of meetings, on Roche.

Roche certainly did not pull its punches during the appeal hearing. One of its principal arguments was that the Commission proceedings infringed the principles of a fair trial because the Commission decided to open them on the basis of documents obtained illegally. Roche also alleged that the Commission infringed the rules of international law by carrying on investigations on Swiss territory. Moreover Roche complained

that the Commission's decision was based on evidence which was not brought forward during the hearings and about which Roche was kept in ignorance. Roche argued that this was contrary to the generally accepted rules of fairness and to the principles of the European Convention on Human Rights.

The Commission denied that it made any inquiries on Swiss territory to obtain the protocols and documents from the former Roche employee. The Commission also insisted that it was under no obligation to show the suspected company all the evidence it had against it. On the contrary, the Commission argued, it was obliged to guard the business secrets contained in such evidence, unless expressly authorised to disclose them. This plea is somewhat at variance with information given recently to London to English and Scottish lawyers by a high-ranking official of the Commission, which implied that only peripheral information with no direct bearing on a case is withheld from the file accessible to a suspect party.

In this particular case the Commission insisted its calculations of Roche's market share on undisclosed information obtained from its competitors. The difference between the market share calculations presented by the Commission and Roche is substantial. The Commission arrived at a range of between 47 and 55 per cent of the EEC market for the 22 products produced by Roche. Roche asserts that the correct figures range between 30 and 70 per cent.

It is quite possible that the Court will come to the conclusion that market shares of 30-70 per cent are quite sufficient to justify the conclusion

Treaty by case law but claimed that the Commission was only empowered to impose fines if the EEC rules of competition were infringed intentionally or negligently. "There is no crime without law" is a fundamental principle of European law and Roche claimed that the concepts of "dominant position" and "abuse" have not been defined by the Commission or the Court in a way which would have enabled Roche to foresee that its vitamin contracts would be viewed as an infringement of the EEC rules of competition. This complaint touches a fundamental problem of EEC enforcement of competition: the Commission maintains that its decisions have no "precedential" significance and the European Court is notorious for changing its mind fairly frequently.

Roche denied that it had a dominant position on the European vitamin market and argued that the Commission was wrong in going by market shares alone and ignoring market behaviour and price developments. Not only did competition exist on the Euro-

pean vitamin market but many more potential competitors stood in the wings, ready to enter the market should prices rise to a level offering extraordinary profits. All large chemical enterprises, Roche argued, could start making vitamins and many were in a better position than Roche because they produced the raw materials from which vitamins were made. For this reason, Roche, so it argued, had to quote competitive prices and, characteristically, its contracts had only "fall" and no "rise" price clauses.

Roche denied that its long-term contracts with Unilever fell into the category of loyalty contracts as Unilever was in no way obliged to buy vitamins solely from Roche. Also the discounts granted to Merck were not loyalty discounts but purely distribution discounts, because Merck resold most of the Roche vitamins. When these two customers were eliminated from the computation, the proportion of contracts with loyalty discounts in Roche's total EEC deliveries was only 4 per cent, and not the 16 per cent asserted by the Commission.

Of particular importance for the outcome of the appeal is the interpretation of the so-called "English clause" in Roche's loyalty contracts. According to this clause the customer receiving a loyalty discount had to

give Roche a chance competitor's lower price accepting such a market offer.

The Commission's inducement for the competitor to cover his entire requirement with Roche. According to the clause was their customers' benefit. This was not even obliged the competitor who was the vitamins at a low and if Roche did not own price according customer was free to where without losing respect to loyalty discount of purchases in Roche.

As can be seen, the appeal gives the Court with a tunity to clarify a number of fundamental concepts years after the Commission gave the power to enforce competition law still exceedingly hazy. What of fairness, or "natural" apply to Commissions pings? What is a "do market position" an "abuse"? As no EEC legislation on this is likely to be forthcoming in the future, the European Court is the only hope for those realise that without a minimum of clarity and consistency in the law, doing business is bound to become difficult.

# Just Married has the edge

SCHWEPPESSHIRE LAD, successful in five out of six races including the Norfolk Stakes at Royal Ascot, attempts to concede weight to all his opponents in the Group Three National Stakes (3.40) at Sandown today. He will have the fast ground that

Dynamic Mistress in exchange for the neck that separated them at Salisbury at the end of last month.

The bounds at Newmarket had been racing for the first time, at Sandown, 12 days ago. In the event, Dynamic got into a manner of trouble, and when

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**RACING**  
BY DARE WIGAN

He likes, and, judged on the Ascot running, he has the beating of Piggott's mount, Tribal Warrior.

However, a more serious threat may be Coalmaker, whom the Irish had thought certain to win the Coventry Stakes at Ascot, but who was never going well on the unfavoured, far side of the course. Michael Kauntz's colt has failed narrowly to give nine pounds to a smart filly, Phil's Fancy, at the Curragh. But Schweppeishire Lad is the selection.

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Mr Vardi, Nelson Fernandez, Derek Hart and Thomas Yang in "for these who die as cattle"

und House

# Embrace Tiger

by CLEMENT CRISP

The Rambert company looked particularly strong and well-organised on Tuesday in the programme of its current House season.

Glen Tetley's *Embrace Tiger*, which has made a well-earned reputation for its and mysterious posing because the piece melts and into duets both erotic and sive, and culminates, for with a quiet that is among best things Tetley has ever lived. All this is very well with Sally Owen, Michael Vair Vardi, Thomas Yang, Mark Wright, exceptional in tintet. Miss Owen sang be- the men or walking deli- among them on their s. Odd; beautiful.

In the two works by Christo- pher Bruce in the programme- for these who die as cattle and *Black Angels*—the men were again excellent. Bruce's medita- tion upon the soldier's com- panion, Death, in cattle is so sincere and convincing in utter- ance that little needs to be said, save that Bruce himself makes an extraordinary impression as Death, an immobile and watchful figure whose most chilling moment is in turning over a corpse with an inhuman foot.

*Black Angels* received its cus- tomary intense interpretation, led by Zoltan Imre and Vair Vardi, both tremendous, and with Michael Ho very positive as the third man, and Sally Owen

as the Madonna-figure. It is not a work that I can see too often, for its searing effects do not diminish in power, nor do the dedicated performances from its cast.

For light relief in the evening we had Leigh Warren's *Nuthouse* Stomp, a piece I enjoy—despite its excessive length—for its inconsequence, and the quite irrational ways in which it explodes and then subsides, and for the total illogicality of the whole exercise. It is zany, and with enough dynamic variety and wit about popular movement to make it worth seeing, not least for the way Lucy Burge manages to look bored and yet dance frenetically.

rchill, Bromley

# he PM's Husband

by B. A. YOUNG

Prime Minister is a lady, who is also General Secre- of the TUC) and the Chan- and the Bishop of London. ions runs at a steady 95 per Unemployment verges on The date is vaguely in the 1980s, and Helen Tyler, the Minister—given a familiar having enlisted him in a new trade union, NUHAT, the a snap election to avert

(Joan Newell), is a Clydeside virago. The Prime Minister's husband—and he does hang about in the background, played by Gerald Flood, with his usual style, extinguished by housework wife, and it is Angel who fixes the terms of the separation, the comedy is not worked out with the trim detail of Feydeau or Ayckbourn. If it were the not really political matter, one might detect loose Vanessa, the Prime and his daughter (Karen over, but Mr. Paice and his director, Alexander Dore, are in love with the Emir (Arthur content to tinkle us with cartoon. likes to be called Jack jokes that we laugh at and as the bannisters. Angel forget. The Prime Minister's the Opposition Leader Political Secretary is called Dow-



Maggie Fitzgibbon and Gerald Flood.

nic caused by four mem- Allied Trades. Angel also fixes of her Cabinet resigning the terms of Vanessa's marriage, jobs to go and work at which include a dowry of £700m. and Spencer.

Paice's farce is set in a background, but its or Ayckbourn. If it were the not really political matter, one might detect loose Vanessa, the Prime and his daughter (Karen over, but Mr. Paice and his director, Alexander Dore, are in love with the Emir (Arthur content to tinkle us with cartoon. likes to be called Jack jokes that we laugh at and as the bannisters. Angel forget. The Prime Minister's the Opposition Leader Political Secretary is called Dow-

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designed to keep us laughing did so more wholeheartedly.

Well, never mind, it's a play with no more ambition than to keep the mind off the world for a couple of hours, and it does that. But it is a pity that Mr. Paice should have missed an opportunity to say something rather more scaringly about our governors, when there is so much to say. It seemed to me, when near the end he began a scene with the same situation as he had used at the start, only with the Emir in the Prime Minister's place and the Prime Minister in her husband's, as if he were about to say something to us, perhaps to offer us a moral. But the moment passed.

Southwark Cathedral

# The Prodigal Son

At the Aldeburgh Festival, where each was first presented in a different year, Benjamin Britten's three "parables for church performance" fell into place as part of a larger experi- ence. Their short length—about an hour apiece—was acceptable in that context and was turned to positive advantage in the subsequent single-disc recording. As self-contained performances offered amid London's crowded concert calendar, however, such works offer short measure and (being all male) a certain lack of variety. It is not much wonder that *The Prodigal Son*, presented by the City of London Festival—left most seats empty at Southwark Cathedral on Tues- day. Those who came suffered the lack of a cast-list, with a spoken announcement coming not entirely to the rescue.

Fascination with Britten's resourcefulness carried me through the performance, rather than any fascination with the biblical drama in this form. The four principal singers, the supporting chorus, and the eight-piece orchestra are deployed with virtuosity in a quasi-oriental musical language of a kind which Britten actually invented for these "parables." It is a language which dovetails marvellously into the traditional plainsong with which the performers (instrumentalists as well) enter and leave our presence.

The Aldeburgh staging, with its portrum and special gestures (the creation of Colin Graham) was re-used here.

The performers, members of the English Music Theatre Com- pany which succeeded Britten's own English Opera Group, showed themselves in a real sense Britten's heirs. Bryan Drake, the Elder Son of the original Aldeburgh production in 1971, now sang with splendid authority as the Father. Bernard Matthews, now a bass, sang from Britten's days, was the clear-voiced Younger Son; and Donald Stephenson, less familiar, as the Elder Son was even more remark- able in finding a personal expres- sion behind the imposed ritual gestures of the production. His voice revealed a noble, impos- sible quality. ARTHUR JACOBS

Glyndebourne

# La Bohème

With four performances of Puccini's *La Bohème* still to go at Glyndebourne, the role of the artist Marcello has passed to John Ravensley. He makes an excellent contrast with Alberto Cupido's glamorous Rodolfo: this Marcello is a hairy Northern art student, full of bluff comic energy, given to fuming expostu- lations, his shirt-tail and trouser- tops on uneasy nodding terms. Unlike Mr. Cupido, he develops his solid baritone (with very decent Italian, too) conveys the acquisition of a bawdy maturity as the action progresses. As Rodolfo Crichton wrote here after the premiere, Cupido's very light tenor places the words marvel- lously in quick conversation; but in his big numbers the voice takes on the unmistakable ring of modern Italian pop, with the consequent generalised feelings. Linda Zogby's Mimì remains a figure of sterling modesty, at once childlike and prematurely grown-up; she finds herself expiring as if she had never expected anything else. The principal singers of Ashley Putnam matches Mr. Ravensley

in their Act Three wrangling, but her turn in Act Two is executed in Broadway show style, and the character takes some time to recover. Alan Charles score a good bet, plus, with his Schumann: Willard White, with the best voice on stage, makes a splendidly louche Colline—greatcoated, bearded and coffee- coloured—and bides his time until the final scene to weigh in with the philosophical gravity of Debussy's King Arkel.

That makes a surprise; but it throws the small-scale charms and regrets of the operatic story into a new perspective, while the youthfulness of the cast makes unusually effective. Perhaps standard big-house performances of *La Bohème* coarsen its fragile virtues by inflation. The brisk, unlingering reading of the score by Nicholas Braithwaite, who conducts now, is no doubt in- herited from Nicola Rescigno. The big tunes are struck up with more fervour than subtlety, and near the end of the season the London Philharmonic sounded once or twice uncomfortably like a pit band. DAVID MURRAY

Book Review

# A Full Life

by C. P. SNOW

Double Harness: Memoirs by Lord Drogheda. Weidenfeld and Nicolson, £10.00, 388 pages

Lord Drogheda has had an unusually complicated and inter- esting life. Himself, he calls it schizophrenic which, untypi- cally for him, is clinically incor- rect. Schizophrenic does not mean split down the middle. But he has been for many years, fulfilled with indisputable suc- cess, two entirely different func- tions, as business boss and as aesthete, more precisely as chairman and chief executive in 1977. The second, in his aesthetic domain, was as chairman of Covent Garden, where he had a long and illustrious reign.

So, since he was a youngish man, Drogheda has played a significant, if somewhat out of part, in the national life. At the end of this book of memoirs, he wishes, a little wistfully, that he could have done more, in a direct political sense. He has no need to reprove. He has done a lot.

Curiously enough, he says that he has always lacked self-con- fidence, which has been a major handicap. This sounds surpris- ing, but he is very candid about himself, and it may be true. If it is, he has more than com- pensated for it by other qualities, his conscientious and obsessive industry (without which his career would be inexplicable), an oblique talent which in cer- tain Cambridge circles used to be known as "spin," meaning a detached and semi-ironic skill in personal relations and judi- cial, and, above all, utter involvement in his double life.

As in nearly all complicated careers, a good deal occurred by chance. He started with some practical advantages. There doesn't seem to have been much money in the family, but for two or three hundred years they had been ascendancy aristocrats. The Irish connection was tenuous by his father's time, but the title was an Irish one. Drogheda sits in the Lords under the UK style of Baron Moore, which was conferred as recently as 1964. As a young man, he may have been diffident, but he had easy and immediate access to the inner circle of what was left of it. He had to earn a living, and worked with his usual application at a very dull job in the City. In the evenings he went into the smart world of the 1930s. He was liked, as he has usually been in most societies. After a while, in 1940, he married a pretty and gifted girl and they were a popular pair, though their aesthetic taste must have made them faintly unfamiliar to some stately homes. His real piece of luck, however, didn't come from the smart world at all. It came through being taken up by Brendan Bracken.

Bracken was one of the strangest of fish, but he had remarkable qualities. Drogheda writes of him with much under- standing and affection, and, with characteristic honesty, says that there were parts of his tempera- ment and life which he still doesn't begin to understand.

Anyway, Bracken got Drogheda into operation, in charge of a small paper in Bracken's control, the Financial

News. At the time Drogheda knew next to nothing of financial affairs, but was prepared to learn. He made a modest reputation, quite quickly. Hence, after the war, more Bracken activities. The Financial Times was up for offer, and promptly acquired. The old Financial News was absorbed, and Drogheda was well on his way. With some acute talent spotting, especially in the choice of editors, where Gordon Newton became one of the most success-

or aspire to create anything. He was one of those satisfied to be a servant or promoter of the arts. He writes with passionate feeling and delight of his time, nearly 20 years, at Covent Garden. Throughout these memoirs he shows something like total recall, occasionally with comic effect. In the Covent Garden chapters, an opera experienced years ago moves him as though it was last night. In his amiable detached fashion, he was prepared to cope



Lord Drogheda

ful of our time, the Financial Times developed into the shape we now know it. Drogheda proceeded stimu- latedly to take charge of Covent Garden. It was by another stroke that he was invited there. He dedicated himself, at least as much to music as to journalism and finance and making the Bracken papers good and profitable. Part of his nature, a large part, had always been given to aesthetic things—not specially literary (literature may not be purely aesthetic enough for his natural taste) but musical, and visual. He was a born connoisseur. He didn't want

with the insighting of the operatic and ballet worlds, no different from the infighting he had coped with elsewhere. It is due to him, at least as much to any single person, that the highest class of those performing arts has still survived in London. Minority arts? Of course. So are all the other arts subsidised by the Arts Council. The only majority arts in this country are shown on television or the foot- ball field.

Drogheda says that he has had a happy life. He has certainly helped to make a good many others happy as becomes clear in this enjoyable book.

Guildhall

# Monteverdi Choir

by RONALD CRICHTON

The first big concert of the Festival of the City of London brought John Eliot Gardiner and the Monteverdi Choir and Orchestra to Guildhall on Tues- day with a programme of Handel, Purcell and Rameau that de- served to draw a better audience. Handel's *Psalm Dixit Dominus* must now be in the repertoire of every small choir able to master the brilliant writing and hold ideas that poured from the young Saxon's pen as if he were intoxicated with Italian music. The Monteverdi Choir sang the rapid scales and octave leaps with lightness and sureness, en- suring that almost every note could be seized by the listener before spiralling up to the Guild- hall roof—quite a feat.

There was good solo work, as well. In the quiet, throbbing "de torrente in via" the two sopranos, Jennifer Smith and Sally Bradshaw, blended self- stively (Miss Smith had already distinguished herself in "Tecum principium" fated to remind irreverent ballet-goers of the Widow Simone's dog dance in *Le Fille aux gardenes*. The counter-tenor Charles Brett has a fine sense of style as well as remarkable breath control. The others, less conspicuously but usefully engaged, were Paul Elliot and Stephen Varcoe.

The same singers, with a second baritone (Charles Stewart) were heard again in Purcell's Birthday Ode, *WELCOME, glorious morn*, which has enough striking music to make it well worth hearing even if it is not exactly the work to follow the fireworks of *Dixit Dominus*. The good things include a stirring trumpet piece and two arias for baritone (Mr. Varcoe) and soprano respec- tively, each with attendant chorists. Miss Smith sailed through her difficult solo—in which Purcell concentrates on a part of the range where many sopranos tend to go unsteady—not only with composure but with full, glowing tone.

After the Purcell the choir left the stage to the orchestra for a Ballet Suite from Rameau's *Les Boréades*, his last opera, of which this conductor and orchestra three years ago gave the first complete performance, more than 200 years after it was writ- ten. The Suite gives an idea of the wealth of unexpectedness of which Rameau was still capable at the age of 80. Not only in quick dances, lively and colour- ful as ever, but in a warmly sensuous Entrée for Polyhymnia, with a quality of long-breathed melody for which this composer is not often given credit. A good appetiser for the complete Prom performance to come.

Festival Hall

# Chieftains

by ARTHUR SANDLES

There are certain atmospheric difficulties in hearing an Irish folk group in London's Festival Hall. The bars only sell English- Brewed Guinness in half pint bottles; the hall itself is plastered with large no-smoking signs; and its central heating system does not, as far as I am aware, operate on peat. To see such a group without the combined hazes of tobacco smoke and alcohol and missing the added dimension of smouldering turf in the fireplace potentially reduces the experience.

The Chieftains, however, seem to carry their own little package of atmosphere with them. Dressed in assorted working clothes they ambled on to the podium as if suddenly called from manning the village post office counter or teaching in some nearby classroom. Such blatant cosiness exposes musical talents much more testily than any production razzmatazz but the Chieftains are old hands at this game. Within minutes heels are tapping the Festival Hall's polished wood strip flooring and reels being danced on its thick carpet.

The Festival Hall brought this skill, and their musical ability into sharp focus. It is a rare folk group which can survive such close examination, but survive they did with Irish and English alike yelling for more at the end.

not words, for their performance. Two fiddles, Irish pipes, a penny whistle, a flute, Irish harp and a collection of those hauntingly basic one-sided Gaelic folk drums are the tools of their trade. In- struments (even the small harp) which can be carried quickly and easily from village to village along roads which were never really good enough to be worthy of the name.

If a critic's job is to remain above the emotion of an occasion then let me confess to failure. As the Chieftains played so my mind would wander off to the wild and de-populated lands of the Irish west where musicians like this, and yet never like this, are still a major form of Satur- day night entertainment. The group's ability to create a mood has been recognised often before. The film Barry Lyndon looked superb photography and the music of the Chieftains for its production razzmatazz but the Chieftains are old hands at this game. Within minutes heels are tapping the Festival Hall's polished wood strip flooring and reels being danced on its thick carpet.

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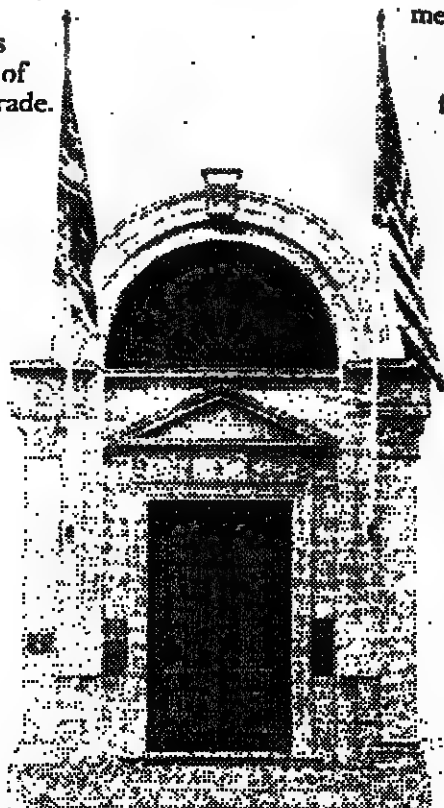
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 Telegrams: Finantime, London FS4. Telex: 886341/2, 883897  
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Thursday July 20 1978

## Keeping the secrets

THE LABOUR PARTY Manifesto of October 1974 said that the Party "believes that the process of Government should be more open to the public." In particular, it promised that a Labour Government would "replace the Official Secrets Act by a measure to put the burden on the public authorities to justify withholding information."

There need be no great shame, and indeed there might be some virtue, in a political party abandoning when it comes to office a commitment made in opposition. Yet the commitment to more open government was modest even by the standards of the time. The Fulton Report on the Civil Service, for example, proposed in 1968 that there should be an official enquiry to make recommendations "for getting rid of unnecessary secrecy in this country." The point was taken up in the Tory Manifesto of 1970 and two years later the Franks Committee had produced proposals for change. It is therefore distinctly odd that it should have taken a Labour Government four years in power to come out with a White Paper that, at best, goes only a little beyond Franks and, at worse, begs the whole question of access to information.

## Absurd

The trouble with Section 2 of the Official Secrets Act 1911, as Franks remarked, is its "catch-all" nature. Virtually anyone is liable to criminal prosecution not only for passing on official information without authorisation, but also for receiving it: at the same time, there is no definition of what sort of information might reasonably be made available, and how. And yet, by now, the Section has acquired a certain negative merit: it is so manifestly absurd that it is rarely used.

It follows from that that one of the potential pitfalls for reformers is that new legislation might be actually more restrictive rather than less. If we were to have an Act that is specific about the type of information that may or may not be disclosed, the temptation would be to use it.

The Franks Committee was able to do very little about this

problem because its terms of reference were so narrow. It was obliged to accept not only the assumption that criminal prosecutions could and should continue, but also the principle that the disclosure of information was at the discretion of the Government. There was nothing at all about the public's right to know.

The present Government has no such excuse. After all, it was the Labour Party's own manifesto which talked about putting the burden on the public authorities to justify withholding information. The shift proposed there goes to the heart of the matter—it means abandoning the principle of release by discretion or government judgment, and accepting that official information should be made available to the public unless there are good reasons to the contrary. It is that shift of the onus that is the issue.

The White Paper published yesterday has none of this. Its one major change from Franks is that the disclosure of economic information of any kind should no longer be liable to criminal prosecution. (Franks—in the days of fixed exchange rates—had wanted to maintain sanctions relating to the currency and the reserves. Otherwise the rules of the game remain the same: the Government has the right to prosecute and disclosure is made by discretion.)

## Scrutiny

It is said in justification that more information is now available than before and that Britain differs from Sweden and the U.S.—where access to information is the rule rather than the exception—in that "the policies and decisions of the executive are under constant and vigilant scrutiny by Parliament." All that needs to be said about the first proposition is that information published after decisions have been taken will do precious little to improve the decision-making process. As for the second, does the Government really believe that it can be held by backbench MPs that it is obliged to disclose all that it knows? The fact is that under present conditions governments can get away with almost anything—not to speak of the local authorities.

## Ten months at 10 per cent

THE LATEST monthly survey of earnings shows that by May earnings in the economy as a whole were 12½ per cent higher than a year earlier while in the manufacturing industries which produced the basis of the survey the increase was 14½ per cent. This is a slightly more encouraging trend than was apparent from the previous month's figures. But it is still a disappointing, albeit not unexpected, outcome of a 10 per cent target. It points to a final outcome for the present wage bargaining year broadly in line with the 14 per cent which has been the most popular guess for some time past.

This is assuming that the newer series for the economy as a whole, which shows a 11½ per cent increase during the first ten months of the wage bargaining year as against one of 14 per cent in the production industries, is a more reliable indicator of the general trend. The latter series not only covers fewer workers—some 11m as against 21m—but is also seasonally adjusted.

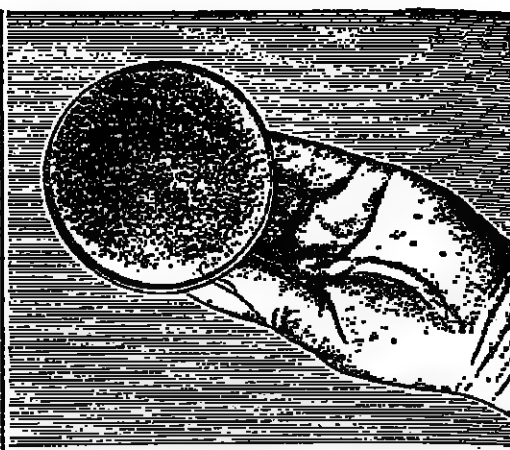
## Completion

Although the Department of Employment believes that about 90 per cent of the total of major settlements have now been made, many unions had previously been deliberately delaying completion in the hope that the guidelines would be less strictly observed as time went by and that their own bargaining position would be improved. As a result, only about two-thirds of major settlements had been made by the time of the May survey, which was significantly below normal. Even so, the difference between the two series is not wholly the result of difficulties in applying seasonal adjustments. The higher rate of increase in earnings in the production industries will to some extent reflect the effect of productivity deals as well as overtime payments and other forms of wages drift which are to be expected during a period of recovery in output. Whatever the final outcome, it is clear that the year-on-year rise in average earnings is now pulling well ahead of that in the index of retail prices. In

May retail prices were 7.7 per cent up on the year, while in June the increase was 7.4 per cent. The improvement in real wages is being carried further by tax cuts and consumer spending is likely to continue to grow for some time to come; so, too, are imports of finished manufacturers.

It is equally clear, however, that the prospect for maintaining an improvement in real incomes as well as the prospects for growth and inflation now depend upon a substantial moderation in the going rate of wage settlements. Annual increases of around 14 per cent are plainly inconsistent with the hopes of continuing to contain inflation within single figures. It is possible that the present improvement in living standards, the recent slackening in the rate of inflation, and memories of the wages and prices explosion of 1974-75 may so affect expectations as to encourage unions to press for smaller increases in the next round. But it is not a risk that the Government seems prepared to take. By the same token, with earnings exceeding the current 10 per cent target by a margin of around 4 per cent, it is clear that if the Government is aiming at an earnings increase of below 10 per cent in the next round it cannot set a wages target higher than the one of 5 per cent already mentioned.

Such a figure must be expressed as a guideline, and not turned into a norm as happened during the present round. For there is now an urgent need for flexibility so as to permit a progressive easing of all the anomalies that have been built up during three years of fairly rigid pay restraint. This means in particular that Ministers should not be tempted into using their dealings with the private sector, such as procurement contracts or aid schemes, as a means of imposing sanctions. And greater flexibility must also mean the end of dividend controls. For to persist in preventing the proper operation of the labour and capital markets can only do serious harm to the economy.



## INDUSTRIAL PROTEINS

BY KEVIN DONE, Chemicals Correspondent

## Bugs in the challenge to soyabeans and fishmeal

BRITISH PETROLEUM was one of the first companies in the world to solve the problem of producing protein on an industrial scale. Its own technology, developed in France and the UK, could justifiably be said to have led the field in the search for ways of bridging the world's growing protein gap. That lead has since been whittled away by its rivals, chief among them Imperial Chemical Industries, Hoechst and Kanegafuchi Chemical of Japan. But now BP appears suddenly to be out of the race, beaten by problems not of technology but of politics—after becoming trapped in a web of intrigue in Italy that has proved impossible to unravel.

Many food, oil and chemical companies around the world enthusiastically picked up BP's lead in the 1960s and early 1970s, by few have stayed the course. Meanwhile, BP realised its own goal of building a full-scale commercial plant, located in Sardinia. But that plant, built at a cost of £40m in a joint venture with Anic, the Italian state-owned petrochemical company, is not on stream because of the authorities' refusal, on medical grounds, to let it operate. BP has also decided to close its pilot protein plant at Grangemouth, Scotland. Thus, with its demonstration plant at Laverla, France, already in mothballs, it no longer has any active projects in hand.

Possibilities for licensing still exist, most promisingly in the USSR. But for all practical purposes BP is now out of the game as a producer in its own right—a chastening experience for the company that pioneered the field. Its process technology has been shown to work, but it has been overcome by a combination of political and economic forces.

The world population is expected to grow to more than 6bn by the year 2000, despite the fact that two-thirds of the present population of some 4bn is forced to live on a diet that is seriously deficient in proteins. The major sources of protein in the world at present are soybean meal and fishmeal, the two main protein ingredients used in compound animal feedstuffs. Fishmeal, especially, is a product that is limited by supply as fishstocks in the world's oceans become seriously depleted.

Many companies, therefore, are convinced that a major market for industrial protein exists. The companies launched their research and development programmes, many explained their work in terms of wishing to help civilisation with one of its most pressing problems, namely how best to feed the rapidly increasing world population. That may be so, but many were soon deterred by less idealistic reasons, namely that their projects were

## MEN AND MATTERS

## Dispute flares over race film

With race relations in Britain in a disturbing state, any contribution to understanding the causes of the present tension can only be welcomed. The BBC's series this week on a multi-racial Britain is one small attempt in this direction, even if broadcast at the late hour of 11. Viewers of this may, for instance, have been surprised the other night to hear that a royal proclamation for the deportation of "Negroes and blackamoors" was signed in 1601 by Queen Elizabeth.

But even though the arguments put forward in these talks have occasionally been strongly phrased—for instance that racism is inherent in the history of Britain's treatment of empire and is now only different in being "at home" and of a "declining social formation"—far stronger is the anger portrayed in the film *Blacks Britannica*.

Showing at London's Scala cinema since the weekend, this hour-long documentary was made for the U.S. Public Broadcasting Station, WGBH, but has caused a double controversy over censorship and copyright. Its producers gave it in an agreed final form to WGBH in mid-June but were appalled when the station altered the structure of the film. David Koff, who directed the film, told me from Boston that he considered it had been "mutilated" and that the thrust of what he considered "a coherent organism" had been weakened. He says he is now mobilising community relations groups to protest over this. His assistant, Mustaid Kwinyiponde, a Tanzanian who was educated in a Sussex convent, says that American blacks who have seen the film told her they thought that they had not heard such eloquence since Malcolm X. The film had been due to be

shown nation-wide in the U.S. on July 13. Its revised version will now go out on August 10, according to Lou Wiley of WGBH, who says that only three minutes of the original film has been dropped and that it had merely been re-edited to make it more comprehensible for an American audience. He told me that the original version would be offered to British television stations.

He thought it was a valuable film in that it showed the degree of anger felt by Britain's blacks and their "rejection of normal political processes," he admitted it did not pretend to give the white perspective. But he warned that WGBH was prepared to go to court to establish its copyright to the film and said that showings so far had been without its authority.

## Unexpected merger

When BP dropped four Concorde garages from its distribution network last year, it sparked off a bigger row than it bargained for. With those familiar shields pulled down from his garages, Mr. Dufresne had to find a new way to lure motorists into his forecourts.

His solution was to rename his garages Exxaco and to order \$6,000 worth of new signs with the name in red on a white background, and blue bands at the top and bottom. It worked wonders. Business picked up again and everyone was happy, except a couple of other oil companies who go by the names of Exxon and Texaco.

Exxon, which employed a computer and \$100m to change its name in 1972, went to court and demanded that Mr. Dufresne take his signs down. Next, Texaco also filed a complaint, "nine yards long," according to Mr. Dufresne. The court hearing is due shortly, but Mr. Dufresne is defiant.

parallel research project at Grangemouth, where its scientists used medicinally pure normal paraffins as the feedstock. This feedstock was readily available from the nearby BP refinery.

By 1965, pilot plants in both locations were producing proteins for extensive independent toxicity and nutritional tests in Holland. Further development units were built with a capacity of 4,000 tonnes a year at Grangemouth and of 16,000 tonnes a year at Laverla.

But then BP made what has turned out to be the fatal mistake. In its search for a partner with whom it could share the

capital costs of building a commercial scale plant with the much bigger capacity of 100,000 tonnes a year, it found Anic, the chemicals arm of ENI, the Italian state hydrocarbons corporation. The Italian company seemed an obvious choice. Anic was both interested and had access to Libyan crude oil, which is rich in the normal paraffins needed for the protein process. It was already operating a refinery at Sarroch, Sardinia, where development land was readily available. But, perhaps most important for such an untried venture, Sarroch was in an area that qualified for the maximum development grants and low-cost loans from the Italian authorities. The jointly-owned Italian company was born.

The plant was finished in 1976, but it has never been allowed to enter full production. The reasons are obscure and tied into a web of political and medical intrigue with the Italian authorities. The decrees allowing the plant to operate were suspended in 1976 and from that day BP has never been told specifically what extra tests were needed to satisfy the authorities.

The Italians said they had found a residue of n-paraffins in the back fat of pigs fed on Toprina at a level of 70 parts per million. BP does not dispute

in fact, says BP, the dust level was one-fortieth of that allowed for other plants such as cement works in Italy.

Apart from passing the U.S. and United Nations specifications, BP has had Toprina passed for use in every EEC country except Italy as well as in Spain, Portugal, South Africa, Venezuela and Switzerland.

Hector Watts is unequivocal in his condemnation of the actions of the Italian authorities. "It is an absolute scandal that it should be brought to nothing for reasons that do not have any scientific justification whatsoever."

Three weeks ago, the Italian Higher Health Council finally ruled against the full production of bioproteins. But by then BP had already decided it could wait no longer. The hold-up was costing Italproteins £10m a year to keep the plant on a care and maintenance basis, and the parent companies decided to put Italproteins into liquidation.

The Italian objections have not been accepted by any of the other EEC countries. BP has perhaps fallen foul of environmental authorities out to prove their toughness in the wake of such disasters as Seveso.

Other theories for the Italians' BP's doubts about the current

viability of industrial protein production. For ICI, Prutein, the trade name for its single cell protein, represents a chance to build a new business sector that could grow into a major operation in its own right. If the first plant is successful ICI intends to follow it quickly with progressively larger plants. It is already talking of selling 1m tonnes a year in the 1980s which would put Prutein on the same footing in terms of size as established sectors such as plastics and fertilisers.

ICI's production will be as in northern Europe as calf a poultry feedstuff. The companies estimate that in the 1980s a European feed industry will use over 20m tonnes of protein supplements a year. As much as 2m tons of this total could be accounted for by high-quality concentrated products such as industrially-produced single-cell proteins.

ICI is happy with the toxic and market trials that Prutein has gone through to date. It has already gained clearance for the product in several countries. Its position is strengthened by its allied knowledge of methanolic technology and it is confident that the project is viable, even with world-priced feedstock.

Hoechst of West Germany, the world's largest chemical company, started protein research even later than ICI, in 1971. Earlier this year it opened a 1,000 tonnes a year demonstration plant based on methanolic technology. But unlike ICI it is doubtful whether it will ever build large scale commercial plants on its own account.

The West German interest is centred on pursuing pure biotechnological research and much of the original stimulus has come from the Government, which is backing a DM200m research programme over the ten years to 1990. Some DM43m has been provided for the Hoechst protein programme, on which the company itself has spent DM60m in the years from 1971-78.

The commercial exploitation of Hoechst's process will probably be left to its process plant building subsidiary, Ude. The German chemical giant itself is more immediately interested in the insights the development programme will offer in other areas of its research, particularly in antibiotics for its pharmaceutical division.

Unusually in this instance, Hoechst has not been looking for a quick route to improved cash flow with the usual criterion of a return on investment within five years. As Mr. Wolfgang Sittig, manager of Hoechst's plant explains: "Bugs are very fine chemists, the best chemists in the world, and we want to know how to deal with them."

## INDUSTRIAL PROTEINS' COMPETITORS

	SOYA AND FISHMEAL—PRICES				
	Estimated average prices—\$ per tonne				
	1965	1970	1972	1975	1976
Fishmeal (ex-store New York)	159.7	185.8	468.8	242.4	331.5
Peruvian fishmeal (Hamburg)	190.0	197.0	542.0	245.0	452.0
Soya meal (Chicago)	75.9	84.3	245.0	132.5	162.7
Soya meal (Rotterdam)	94.0	103.0	302.0	155.0	198.3

## PRODUCTION OF SOYABEANS

	thousand tonnes	China	U.S.	Brazil
1965	9,500	19,076	523	
1970	9,700	30,839	1,509	
1973	9,600	34,581	5,006	
1975	10,000	33,862	9,892	

## PRODUCTION OF FISHMEAL

	thousand tonnes	S. & S.W. Europe	Western Europe	Japan	Porto
1965	274	800	338	1,350	
1970	303	857	650	2,257	
1973	241	945	778	423	
1975	245	994	800	712	

Source: BP Nutrition

## Cold comfort

As Britons fume at the time it takes to have one's tax coding altered or for the North Thames Gas Board to visit, it is slightly comforting to know that in Brazil you have to wait an average of seven months to obtain an identity card. There the bureaucracy is such that our correspondent tells us the only way to avoid it is to be a 100-year-old hermit living off berries in the depths of the jungle along the Amazon. But even then she is not sure that you would escape and cites how for one transaction, Ustima, a major state-run steelworks had to obtain no less than 7,000 signatures on documents in quadruplicate and quintuplicate.

The transaction had been the import of some expensive new equipment, needed for an urgent expansion programme. To make matters worse, 238 of the signatures were of cabinet ministers, many of whom had to be visited at several different stages.

## Cash flow

A colleague reports that while he was in his bank yesterday a small boy entered and pushed a 50p piece across to the cashier. "I found this on the step outside," he said. "Your bank is leaking."

## Concessionary

The days have gone when travellers to Europe in the 1930s could expect some airlines to convey them to the airport in a Rolls-Royce, but still the name has its magic, even to the U.S. National Highway Traffic Safety Administration. This has just proposed exempting Rolls-Royces from the Government's fuel economy rule that requires a minimum of 18



"They gave me back my home, my friends, my whole way of life."

When one has known a certain way of life, and rising costs look like taking it all away, who is there for people like us to turn to?

There is the Distressed Gentlefolk's Aid Association. The DGAA is run by people who understand. They know that we want to stay in our own homes, surrounded by our possessions, and close to the friends of a lifetime. So, they help us with allowances and with clothing parcels. Only when we can no longer cope do the DGAA see if they can offer us a place in one of their 13 Residential and Nursing Homes.

The more you can help the DGAA, the more the DGAA can do to help others. Donations are needed urgently. And please, do remember the DGAA when making out your Will.

## DISTRESSED GENTLEFOLK'S AID ASSOCIATION

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"Help them grow old with dignity"

Observer



# Perhaps a successful holding operation

WHAT IS THE real point of annual summits that the leaders of the non-Communist world have been staging for four years running? To those who suppose that world statesmen have it in their power to provide full employment, growth and price stability by exercising political will, or by introducing some ingenious new financial scheme, the results must be intensely disappointing.

But to those who accept that this kind of magic does not exist, and that the most important task is to prevent governments carrying out policies actively detrimental to world well-being, the results have not been too bad. The policies announced at the Bonn summit are neither a disaster nor the salvation of the world economy. Their most important effect is that they have provided governments—especially the British Government, but also others in the EEC—with a pretext for jettisoning protectionist pressures.

In addition, the folly of an international scheme to "save the dollar" has at least been exposed. Whatever ill-fated experiments of a mini-Bretton Woods type the EEC partners set up to the dollar, the market and the yen will continue to float—it not clearly against each other. A world-wide dollar rescue would have been an expensive and inflationary folly—ultimately as disastrous for the dollar as an international currency as similar "rescues" were for sterling. But, dislike of market exchange rate movements by so-called practical men being what it is, the issue could well arise again and again in coming years.

The danger of the Bonn summit is that although it accepts

in practice the limited power of government gadgetry to produce a return to the pre-1973 trend lines, the verbiage is still that of demand management and growthmanship. This does not take in intelligent Keynesians who point out bitterly that the actual measures do not even attempt to bridge the gap they believe to exist between actual and "capacity" world output and employment. At best they aim to keep world activity and employment rates roughly where they are.

Benign political myths have a limited life: and eventually it will dawn on the parliamentarians, trade unionists and other groups at whom these communiques are aimed that the growthmanship they promise is largely fiction. When this happens their power to fend off protectionist pressures will be at an end. The references to monitoring machinery and the synchronistic noises from the British delegation have only advanced the day of disillusion. At the very most one more summit of the recent type may be possible.

If governments cannot produce growth, what in specific terms did they actually promise to do? The most specific promise was that of the French Government to increase the Budget deficit by 0.5 per cent of the GNP, "while pursuing its policy of reduction of the rate of inflation." The German Government talks about "strengthening demand and a higher rate of growth"; but its specific commitment appears to be to cut taxes or raise public spending by "up to" 1 per cent of GNP. The British Government congratulates itself on the increase in the Budget

deficit already achieved; the Italians promise something rather complicated and the U.S. Administration reaffirms a tougher Budget than originally planned and a tougher one still for 1979-80.

If the combined EEC budget-loosening exceeds the U.S. budget-tightening, it cannot be by much; and the net demand addition due to the summit, over and above what would have happened in any case, must be very small indeed. Moreover, even if budget deficits once boosted output and employment, the evidence that they do so is pretty thin—in the British case even the direction of the effect is in dispute.

The best outcome in the German case would be if the higher budget is financed internally without a rise in either interest rates or the money supply. This can happen if there is a good deal of spare cash in the economy relative to business activity. (A very few readers may find it helpful to think of the Germans as being on the flat section of an LM curve.) There are limits in both time and extent to this process. The German monetary authorities disagree among themselves about the exact scope. If they have to raise interest rates, or even such overseas finance as existing interest rates, the Deutsche Mark will rise and the effect of the package will be undone. An above-target increase in the German money supply would keep the Deutsche Mark down, but any gain in employment would then be at the expense of real wages. But if this is what German unions want, do they really need the

prod of an inflationary package to bring it about? And if they do not, will not any expansionary effect wear away very quickly indeed?

Unfortunately the whole question of "administering a stimulus" is complicated and controversial in a way unsuspected by international officials told to negotiate for "growth."

intensely subjective and political exercise. The most honest procedure in the current state of world economic ignorance would be to leave out growth figures altogether and simply state the fiscal and monetary measures proposed by different countries. Then statesmen would not have to pretend to take sides in the

break of the "British disease" in American industry.

The U.S. undertaking is useful mainly because official international opinion—and Herr Helmut Schmidt in particular—believes the American energy deficit to be at the root of the dollar's difficulty. A U.S. gesture here may therefore make it easier for the Germans to accept the continuing shift in the dollar-mark rate which alone will make international equilibrium possible.

The section of the communiqué on trade is valuable in the sense that East-West declarations of disputes are valuable. This is not meant cynically. An imperfectly observed international code as a standard of reference is better than no code at all.

The worst part of the summit communiqué was the promise, wrung out of the Japanese Government, to try to keep the volume of exports in fiscal 1978 down to 1977 levels. It is telling consumers all over the world that if they find that Japanese goods give them best value for money they must switch to dearer sources. Cheap Japanese and other Asian products have probably done more to raise living standards in developing countries than all the development aid ever given and all the conferences of bishops on world poverty. If the balance of

political forces in Europe and North America is such that the Governments there really want to tax their own consumers, then there might have been a crude power political case for a limit on Japanese exports to these countries; but a world-wide limit is diabolical—and, one may hope, unenforceable. Much more constructive than anything mentioned in the summit communiqué is Mr. Fukuda's plan, announced in Brussels, to open the Japanese capital markets to foreign borrowers and to encourage overseas investment by Japanese industry. It will not be either quick or easy to divert Japanese industry from an export to a home market basis. In the meanwhile an outflow of funds from Japan would prevent that country's export surplus from putting pressure on the exchange rates of other countries. Indeed the surplus, if properly financed, is a net addition to consumption in the rest of the world rather than a threat to other exporting countries.

Sounder or later summit leaders will have to discuss the root causes of the present economic malaise, such as the shift in comparative costs which makes it more profitable to buy many traditional manufactured goods in the developing countries rather than in the older industrial centres of Europe and North America. Mutual discussions of minor budgetary adjustments may be a politically useful palliative until the bigger issues can be faced; but the time limit for such tinkering is clearly running out.

Samuel Brittan



"To travel hopefully is better than to arrive, unless some protectionist hijacks you."

My best guess is that the German move may amount to a minor bit of temporary pump priming, which will have exhausted any usefulness by early next year and will not be easily repeatable.

The Japanese promise to "strive" for a rate of real growth in 1978 "1.5 per cent higher than the previous year" illustrates the element of make-believe in the whole exercise. The setting of national growth targets was discredited by the complete failure of the attempt at the last summit. The emphasis has now switched to changes in growth rates compared with what they otherwise would be. This makes the whole procedure unverifiable, and the proposed monitoring will be an

battle royal among economists about the effects of these measures and would not leave their credibility at the mercy of their advisers' theories.

It is characteristic of current fashion that the second section of the communiqué after "Growth" is entitled "Energy." The one concrete undertaking is that by President Carter to raise U.S. domestic energy prices to world levels by 1980. Characteristically this would simply undo the distorting effects of price controls imposed incidentally by the previous Republican Administration.

If these hurdles are overcome—which I think they will be—the U.S. will have taken a useful step towards improving internal economic efficiency. One cause of the slowdown in U.S.

Effect of EEC membership on race relations and immigration. Witnesses: UK Immigrants' Advisory Service (4 pm, Room 8).

Textile Companies: Associated Fisheries; Beristons; Bullough; Stenhouse Holdings.

COMPANY MEETINGS  
Alpine Soft Drinks, Birmingham, 12.30. Aldermansbury, E.C. 11. Century Oil, Stoke on Trent, 12. Country and New Town Properties, 6.11. Acar Industrial and commercial companies and personal sector financial accounts (1st quarter). UK banks' assets and liabilities and the money stock; and London dollar and sterling certificates of deposit (mid-June). Construction new orders (May).

COMPANY RESULTS  
Final dividends: Fodens; Gordon national, Great Eastern Hotel, and Gotech Holdings; Unigate, E.C. 12.30. Stonehill, Churchill Interim dividends: AC Cars; Allied Hotel, W. 11.30.

## Today's Events

GENERAL  
Cabinet discusses impending White Paper on pay policy.

White Paper expected on company law reform.

President Giscard d'Estaing of France on official visit to Portugal.

Mr. John Fraser, Minister of State, Prices and Consumer Protection, is among speakers at one-day conference on the Consumer Safety Bill/Act 1978, Cavendish Conference Centre, W.1.

Meeting of Northampton North constituency Labour Party considers Mrs. Maureen Colquhoun's future as its MP.

Sir Peter Vaneek, Lord Mayor of London, presides at Court of Common Council, Guildhall, E.C.2, at 1 p.m. Open to public.

PARLIAMENTARY BUSINESS  
House of Commons: Wales Bill, consideration of Lords amendments, Education (Northern Ireland) Order.

House of Lords: Third readings of Statute Law Repeals Bill, House of Commons Administration Bill, and Community Service by Offenders (Scotland) Bill.

House of Lords: Third readings of Statute Law Repeals Bill, House of Commons Administration Bill, and Community Service by Offenders (Scotland) Bill.

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## Letters to the Editor

### Transport safety

From the Chairman CEI/CSTI Joint Technical Committee  
Sir—Understandably, there have been discussions of deep concern regarding the chances of the horrific disaster which recently occurred at a Spanish holiday camp being repeated in the United Kingdom. To arouse public panic would be irresponsible, as it would not be realistic view. Already there are in the U.K. some 300 incidents each year involving the transport of hazardous materials which are potentially dangerous. Happily, none has yet resulted in a tragedy such as that in Spain or even as that which occurred only a few days later in Mexico.

The Joint Technical Committee of the Council of Engineering Institutions (CEI) and the Council of Science and Technology (CSTI) sponsored as recently as last December a high-level symposium on the transport of hazardous materials at which eminent authorities in the field voiced their expert opinions and urged for Government action in a variety of directions. In particular they called for stricter regulations for the construction of labelling of tankers; the definition of routes suitable for transport of hazardous materials analogous to that for other large or heavy loads; the further development of codes of practice and of over training; the improved use of readily understood information in the authorities and emergency services as well as to the public.

It is encouraging to note that the Secretary of State for Transport in reply to a Parliamentary question on July 17, expressed to the House of Commons his grave anxiety regarding the lay which there has been in a preparation of proposals for tanker labelling and that studies are being made of other aspects of the problem.

Professional engineers and scientists however will like to be assured that the implications of the increasing movement of hazardous materials by road or rail are being treated as being matters of utmost urgency. The United Kingdom is fortunate in the unique structure of professional engineering and scientific institutions having within their memberships, unvalued expertise in these disciplines. This knowledge and experience is readily available to Government in the form of the transport of hazardous materials as it is in other technological and scientific fields.

G. West, Council of Engineering Institutions, Little Smith Street, Westminster, SW1.

### Accountancy as a career

From Mr. C. Watchman  
Sir—Michael Dixon's excellent article in the Jobs Column—July 18—on recruitment and career prospects for accountants highlighted an interesting feature of the employment policies of most of the professional firms which I believe is often not properly understood by their youthful recruits, whether graduate trainees or newly qualified people. Only a tiny number will be selected for rapid promotion to the top of the remainder will be expected to leave after a few years.

There can be very few employers who do not provide a continuing career structure for the majority of their employees. This is the case in the big accounting firms. No one who enters would expect to leave after a few years.

blocked, most would want to leave to pursue alternative ambitions as they would still be young. That does not, however, answer the point that for most people there is no long-term career structure.

Applicants for jobs in the accountancy profession would be well advised to inquire deeply into the policies, with particular regard to the availability of a career for those not selected for partnership, of each potential employer. Most young people may feel they would want to leave if "passed over" but they should reflect that after several years of hard and loyal service it is better to have a choice than no choice at all!

C. M. Watchman, 2, King Street, SW1.

### A choice of freedoms

From the Conservative Prospective Candidates for Walthamstow  
Sir—Mr. Brady (July 18) must distinguish between description and prescription. I was not "contradicting myself in half a dozen words" when I referred to Mrs. Thatcher's "monetarist, free market, immigration controlling conservatism." In so far as one can make an accurate description of Mrs. Thatcher's brand of Conservatism, I thought that those words pretty well came up to scratch. Of course I should have added "law and order" to the formula—at the risk, of course, of offending the anarchist section of your readership.

Stephen Byres, 2, Leinster Road, Highams Park, E.4.

### Funding small companies

From the Managing Director, Merchant Inventors International  
Sir—I would like to endorse the comments of Mr. von Lutitz (July 18) that financial institutions "will not undertake the necessary marketing research and appraisal" as a pre-requisite to the funding of small companies. I believe that the line of least resistance and seek out "going concerns" whereas the profitability of viable "start-up" situations could be many times greater.

As S. L. Owen-Smith, Merchant Inventors International, 87, Burgh Heath Road, Epsom, Surrey.

### Enterprise sweepstake

From Mr. R. Lustig  
Sir—Edward de Bono raises a number of interesting points in his letter (July 13) on venture

capital, but his suggestion for Angel Bonds is not really new, and he seems to be surprisingly influenced by conventional thinking—I would have expected much better from the master of lateral thinking.

My local Liberal Association has for some time been discussing the problem and is preparing proposals for what we believe is a truly novel and yet essentially practical solution which has become surprisingly topical in the light of the Gambling Commission's recent report.

Our initial reasoning is basically the same as Mr. de Bono's—innovation is, by definition, risky; too risky for most conventional sources of capital. And it often requires too little capital to be of interest to the few venturesome souls still around.

Rather than trying to turn innovation funding into something safe by risk spreading and trying to make the investment attractive by some rather dubious tax concessions, our idea is to aim at gambling money. Sweepstakes. All or part of the prizes would be in the form of shares in options and "investors" would either make a fortune or lose their money according to the success or otherwise of that particular venture.

Apart from providing much needed money for high risk innovation, this would have a number of added advantages. "Law and order" to the formula—at the risk, of course, of offending the anarchist section of your readership.

This still leaves an appreciable problem of selecting innovations for support. Fully vetting them for viability would spoil the whole concept, but some vetting must be necessary to avoid fraud. I am attracted to Mr. de Bono's concept of "individual buccannery" selecting projects, but this really begs a number of questions, and I believe that one selects these individuals (measuring their success after selection is also not as simple as he suggests as it may be years before true results show, by which time they could have done a great deal of harm).

I would suggest a vetting based on assessment of individual innovator for integrity and nothing else, except, I suppose, vetting the project for legality.

Richard E. Lustig, Richmond House, Whitsandine, Nr. Oakham, Rutland.

### Headlamps on motorways

From Major A. Sutton  
Sir—What unbelievable nonsense is talked by Mr. Walter Johnson, MP, about the headlamp flashing on motorways as printed in your paper on page 38 on July 14.

Anyone who has cause to complain of headlamp flashing is himself standing in the wrong on one of several accounts. Either he has failed to see a car that wishes to overtake him (never mind what he thinks his speedometer says); or he has moved over in front of a car which he either did not see was about to overtake him, or whose speed he misjudged; or he deliberately stays in the outside lane because he considers that no one has a right to pass him if his speedometer says 70—try it with a police car.

When Members of Parliament are reduced to the kind of rubbish, it is time indeed that we

had a General Election, and their already substantial salaries can be justified by others who could use their position to greater practical effect and relevant use. Major A. B. de S. Sutton, St. Margaret's Priory, Rottlesden, St. Mary's, Suffolk.

### Public sector audits

From the director, The Chartered Institute of Public Finance and Accountancy.

Sir—Starting from the Price Commission's report on the South of Scotland Electricity Board, Mr. Cripps (July 14) once more makes a general attack on accounting methods in public bodies and on the Chartered Institute of Public Finance and Accountancy. As Mr. Cripps must know, the Price Commission's report dealt with difficult matters of inflation accounting with which the whole is still struggling. Inflation accounting standards were not ignored by the South of Scotland Electricity Board. Neither CIPFA nor any other accountancy body has yet produced such standards. It might be appropriate to remind Mr. Cripps that the Board's accounts receive the approval of a respected firm of auditors.

Eric Wood, 1, Buckingham Place, SW1.

### Old dogs should have their day

From Mr. R. Crossland  
Sir—With regard to the problem raised in Men and Matters (July 11) about increasing dog licence fees, surely a simple and equitable solution would be for "new dogs" to be licensed at a much increased rate, while "old dogs" could continue to live out their time at the present rate.

This would at least ensure that people would think twice before acquiring a dog and, with luck, we might then see a decrease in the number of strays.

R. R. Crossland, 11a, Cheddington Close, Tilehurst, Reading.

### Unpolished shoes

From Mr. R. Clear  
Sir—I refer to your "Briefly" column on Page 1 of the July 10 edition, in which appeared a small item about Tory MP Mr. Nicholas Fairbairn.

He had arrived at quite an astounding conclusion that all people who wear unpolished shoes were, to quote, "dim wits," and, if I may translate slubberdegullions, "worthless slovens." It would be extremely interesting to discover how he arrived at such a deduction.

In my ignorance, I have always been under the impression that MPs were elected in order to assist their constituents, not to insult them. Surely to goodness they have more important things to do with their time, than to make such allegations as this, and if they haven't they do not deserve to hold such a position.

May I point out one such person who wears unpolished shoes. This person is my father, and as founder of a flourishing shipping agency, and an ex-Customs Officer, I would think that he is far from a dim wit. So, Mr. Fairbairn, please, in future, take a little more time and thought over your stupid statements, if you intend to make any more such marvellous discoveries.

R. Clear, "Shilo," 36, Temple Road, Temple, Euel, Nr. Dover, Kent.

British Leyland, Gillette, Thomson Holidays, Kodak, Midland Bank, Hitachi, Courtaulds, Anchor Butter, Bacardi, Halfords, Dunlop, W.H. Smith, Smirnoff, Sharp Electronics, Reckitt & Colman, Yamaha, Time Life, White Horse Whisky, Monte Cristo Sherry, National Savings, British Rail, Grants of St. James, Carreras Rothmans, Health Education, Milk, Beechams, Electricity Council, Gallahers, English Tourist Board, Cadbury's, BAT, Elida Gibbs, Hennessy, Mothercare, Pilkington Glass, Scholl, Clarks Shoes, Baby Cham, Pye Records, Rowntree Mac

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**WEEKEND**











## BIDS AND DEALS

## Imps spends £7m for foothold in Eastwood

A confident start has been made by the Imperial Group in its campaign to gain control of J. B. Eastwood—for which it is bidding £88.2m—having bought 4.4m shares at a cost of £7m in the past two days.

This gives it a substantial 18.1 per cent foothold in Eastwood, the eggs and poultry group. Imps bought its holding at 180p a share—the price at which it is bidding for the remainder of Eastwood.

Imps' rival for Eastwood is Cargill, the privately owned U.S. agricultural merchants, which bid £21m for the group just three weeks ago.

The Eastwood family and directors have accepted the Cargill offer in respect of their 34.7 per cent holdings, but this was before the higher bid. The Eastwood directors met yesterday to consider the Imps offer, but said that they had as yet reached no decision.

Mr. William Eastwood, joint managing director of the group said: "We have contacted Cargill asking them to make a decision on their position as soon as possible. We are also seeking an early meeting with Imperial to seek further clarification on their terms."

## SHARE STAKES

Sangal Bahru Rubber Estates: Harrison and Crossfield acquired further 14,500 shares and now interested in 261,400 (10.07 per cent).

City of London Brewery and Investment Trust: London and Manchester Assurance Company now holds 19.9 per cent of 6 per cent cumulative first preference stock.

A. and C. Black: At July 12 Park Place Investments held total of 55,500 shares.

Winttrusts: Mr. R. D. Sapiro acquired 10,500 ordinary shares and Mr. G. Sapiro acquired 10,000 Greenbank Industrial Holdings: Mr. H. W. Loveday, director, disposed of 21,500 of a trust, of which he is one of trustees, the sole beneficiaries of which are members of his family. This transaction reduces his beneficial holding to 2,086,557 shares (10.10 per cent) and increases his holding as trustee to 1,251,744 (6.21 per cent).

Robert McBridge (Middleton): Abingworth acquired 50,000 ordinary shares bringing holding to 500,000.

Leisure Caravan Parks: P. W. Harris, director, sold 100,000 shares and D. C. Allen, director, sold 100,000 shares.

Marchwick: Mr. R. J. McAlpine sold 123,132 preference shares, Mr. O. P. Edge sold 16,132 preference and Sir Robert Clark (non-beneficial interest) sold 1,894,723 preference. All are directors.

Gordon and Goch Holdings—On July 6 Mr. F. C. Goodall, director, sold 19,508 (0.4 per cent) beneficial holding of 19,508 (0.4 per cent). On July 6, Mrs. V. C. Goodall (wife of Mr. F. C. Goodall) sold 19,508 (0.4 per cent) beneficial holding of 19,508 (0.4 per cent).

Mr. J. Berrill on July 6 sold 25,000 shares (0.6 per cent) from non-beneficial interest, as executor of relative's estate—balance of this holding is now 53,768 (1.2 per cent) shares.

**HANSON DISPOSES OF HEYWOOD WILLIAMS STAKE**

Hanson Trust has sold its 576,240 shares (21.8 per cent) in Heywood Williams, the aluminium and glass company, for about £740,000.

The disposal was at the request of Mr. Douglas Oliphant, executive chairman of Heywood Williams "in order to increase Heywood Williams' institutional shareholding." The price was near to the recent market price of 128p per share.

In April this year, Heywood Williams bought a hotel and restaurant business from Hanson's 77 per cent owned subsidiary, Interstate United Corporation. Hanson will show an extraordinary profit on the sale since its investment in Heywood Williams has been written down in previous accounts. This year the shares have doubled to reach their current level.

Mr. Oliphant yesterday expressed his thanks to Hanson for the support it had given in the past, particularly through the cash crisis 15 months ago.

A spokesman for Hanson said yesterday that it was looking for suitable company or companies in the UK.

## Coral sells off Leisure shares

Coral Leisure Group has sold 1.5m shares, about half of its shareholding, of amusement machines company Associated Leisure for £1.1m.

Mr. Nicholas Coral, chairman of Coral said yesterday: "We felt it was a good opportunity to take advantage of a very good investment profit." At the same time Coral would be holding on to "a sizeable stake in an excellent company" he added.

Coral has had a stake in Associated Leisure for about 5 years, when it bought it for the purpose of a bid. The sale of shares—at around 60p each—leaves it with some 7 per cent of the company.

It is believed the shares sold went to institutions. The proceeds of the disposal will be absorbed into the business generally, said Coral's finance director Mr. David Spencer yesterday. The group is in a period of consolidation after acquiring Centre Hotels and Potatoes.

**NO PROBE**

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed merger between Consignee-Roadstone Holdings and J. & W. Henderson (Holdings) to the Monopolies and Mergers Commission.

**EPICURE**

Epicure Holdings has acquired Trevor Wallis for £106,250 satisfied by £75,000 cash and the issue of 750,000 ordinary shares. In the year to July 31, 1977, the company had a turnover of £1.1m.

Wallis, which specialises in tarmac surfacing in the Lincolnshire area, made profits before tax of £1,000 on sales of approximately £214,000. Net assets at that date totalled £70,000.

**BAT BUYS INTO GERMAN FLOORCOVERER**

BAT Industries, the tobacco, retailing and paper group, has bought 24 per cent of the ordinary shares of Pegulan Werke, the second biggest floor-covering manufacturer in Germany, for DM 45m (£11.5m).

The acquisition has been made through BAT's wholly owned subsidiary, Intervasa, which intends to expand Pegulan Werke's home furnishing sales mainly through product diversification. The synthetic materials and textile sides will be developed, said Mr. Horst Suetzer, chairman of Intervasa yesterday.

The purchase is a continuation of Intervasa's policy of diversification. Its other interests include department stores and restaurants.

Intervasa says it has no immediate plans to buy the rest of the ordinary shares of Pegulan but it does intend to buy a majority of the preferred shares. Like the ordinary shares, these have been available as a result of the death of Pegulan's founder, Mr. Fritz Reis.

Pegulan made pre-tax profits of DM 18.9m on sales of DM 448m in the year ended September 30, 1977. Mr. Suetzer said that he expected sales to exceed DM 500m in the current year.

## Panel criticises Mooloya and its advisers

BY ANDREW TAYLOR

Mooloya Investments and its merchant bank advisers Charterhouse Japhet have been seriously criticised by the City Take-over Panel over their handling of a takeover bid for Customagic.

In an eight page statement published last night the Panel said that the conduct of Mooloya—and in particular its chairman Mr. M. S. Gampell—merited serious criticism. It added that it considered that Charterhouse had made a serious error of judgment.

Mooloya's bid which values Customagic—manufacturers of chair and car seat covers—at around £1m "went unconditional last week after the group received acceptances for its 21p share offer representing almost 56 per cent of Customagic."

The Panel's complaints centre around a series of contracts entered into between Mooloya, Mr. Maurice Prax, a Jersey-based consultant, and Gras d'Eau, a consultancy also based in Jersey owned by a trust of which Mr. Prax's family are beneficiaries.

Charterhouse Japhet comes in for criticism because, the Panel states, it should have informed the Panel of the contracts involving Mr. Prax.

Last month the Panel ruled that one of the contracts involving a £38,825 fee for Gras d'Eau constituted a serious breach of rule 36 of the City Take-over code. The Panel is designed to prevent a company from offering better terms to some shareholders than others. The Panel ruled that the fee to Gras d'Eau for procuring the transfer of Customagic shares to Mooloya—should not be paid. In its latest statement, the

Panel refers to a handwritten agreement dated April 30 by which Gras d'Eau agreed to procure 658,400 shares (12.5 per cent) in Customagic. Of this Mr. Prax had effective control of 462,000 shares.

Mr. Gampell told the Panel that this fee was primarily to pay for Mr. Prax's services in inducing the Terry family to sell their 1,443,430 shares in Customagic at Mr. Prax's bid price of 20p a share.

"In our view," says the Panel, "this presentation ignores the fact that Mr. Prax owned or controlled a substantial number of shares. The sequence of events suggests that he was unwilling to co-operate in furthering the bid unless he received a substantial procurement fee."

The Panel says that the bid has caused "considerable concern on a number of grounds." It also expresses some doubt about the nature of the agreement between Mr. Prax and Mooloya. But "on balance" it rules that this was "not in itself offensive under Rule 36."

The statement says that prime responsibility for the breach under Rule 36 must lie with Mooloya and it singles out Mr. Gampell—"a practising solicitor with experience in the field of takeovers"—for criticism.

The Panel finds it "extraordinary" that it should have been informed about another consultancy agreement involving Mr. Bernard Terry but that Mr. Gampell had "found it possible to avoid mentioning the far more sensitive Prax arrangements." "Even after it became evident

that the Panel was pursuing an investigation... no complete disclosure to the Panel of all the various arrangements with Prax was forthcoming from the Mooloya side."

The Panel notes that the Charterhouse director in charge of the Mooloya bid, Mr. P. P. Japhet, had expressed concern about these arrangements but having initiated enquiries had concluded that the arrangements were commercially justified.

The Panel says it considers this a serious error of judgment in view of the fact that Charterhouse had taken part in discussions with the Panel about the more "defensible" arrangements with the Terry's.

In its conclusion the Panel says: "The (Takeover) Code is not a legal document and it is no answer to a failure to consult the Panel's executive that a legal opinion has been obtained on the interpretation of a Rule."

A spokesman for Charterhouse said last night: "We accept we should have sought the Panel's views after finding out about the arrangements."

**ASSOCIATES DEALS**

On July 18 McManis, Montgomery sold 500 Western Brothers at 100p for an investment client who is an associate of the directors of Western.

Cazenove bought 2.4m J. B. Eastwood at 160p on behalf of Imperial Group.

Bedderwick Stirling Grumbar, brokers to Newman Industries, bought 40,800 Wood and Sons (Holdings) at 35p not ascertained for cash on behalf of Newman.



## General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1978

All companies mentioned are incorporated in the Republic of South Africa

## BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—11,000,000 shares of R1 each.

Operating results	Quarter ended 30 June 1978	31 Mar. 1978	12 months ended 30 June 1978
Gold			
Ore milled..... (t)	788,000	780,000	3,048,000
Gold produced..... (kg)	32,000	48,000	97,000
Gold sold..... (kg)	32,000	48,000	97,000
Gold produced—Total..... (kg)	6,470,291	6,393,442	27,585,538
Gold produced by Buffelsfontein..... (kg)	251,814	360,021	741,834
Gold produced—Total..... (kg)	7,122,105	7,253,464	28,611,372
Yield by Buffelsfontein..... (g/t)	6.48	5.19	9.14
Yield—Total..... (g/t)	7.47	7.50	7.65
Working revenue..... (R'000)	8.89	9.08	9.10
Working cost per ton milled..... (R)	46.78	43.72	43.91
Working cost per ton milled..... (R)	31.45	30.30	30.14
Income per ton milled..... (R)	17.49	19.82	12.87

Uranium			
Pulp treated..... (t)	788,000	780,000	3,048,000
Uranium produced..... (kg)	149,400	150,400	630,600
Yield per ton..... (g/t)	0.159	0.209	0.207

Financial (R'000)			
Working revenue..... (gold)	38,071	34,888	135,258
Working costs..... (gold)	25,168	24,058	84,797
Working costs..... (uranium)	13,883	10,787	40,461

Tribute agreement—Vaal Reef (Net)	(383)	(234)	(383)
Income..... (gold)	13,480	10,853	40,073
Income..... (uranium)	3,172	3,871	12,574

Tribute agreement—Vaal Reef (Net)	(88)	(3)	(3)
Income on sale of pyrite..... (R)	54	71	384
Income on sale of acid..... (R)	21	21	87

Income at mine..... (R)	16,679	14,613	63,088
Net additional revenue..... (R)	381	365	2,149
Less interest..... (R)	3	4	13

Income before taxation and State's share of income..... (R)	17,057	14,974	65,231
Taxation and State's share of income..... (R)	6,772	8,290	20,628
Income after taxation and State's share of income..... (R)	10,285	6,724	34,703

Capital expenditure: Gold..... (R)	4,279	4,846	14,978
Capital expenditure: Uranium and acid..... (R)	85	85	286
Trade investments..... (R)	12,100	110	18,700

Dividends: declared..... (R)	110	1	170
Loan repayments..... (R)	27	28	57
Loan balance outstanding..... (R)	83	63	2,884

Capital expenditure commitments..... (R)	—	—	6,339
Capital expenditure for remainder of year..... (R)	—	—	—

Development..... (R)	16,682	15,550	63,896
Advanced..... (R)	1,878	1,302	5,894
Sampling results: Sampled..... (m)	108	103	108

Channel width..... (cm)	1,415	1,428	1,805
Average value..... (cm/g/t)	82.58	48.06	81.77
Payable..... (R)	723	624	3,088

Metres..... (m)	45.4	47.9	63.8
Percentage..... (cm)	34	38	97
Channel width..... (cm)	29.48	23.04	23.05

Value: Gold..... (g/t)	2,063	2,019	2,230
Uranium..... (kg/t)	0.473	0.588	0.647
Uranium..... (cm/kg/t)	63.41	51.49	62.54

Development Summary			
Three months ended 30 June 1978			
Payable	Per centage	Channel width	Gold

Area	metres	payable	cm	g/t	cm/g/t	kg/t	cm/kg/t
Planer Secondary	18	15.0	123	13.7	1.708	0.88	72.53
Lucas Block	141	85.9	88	22.49	1.801	1.020	86.14

Southern Shaft	281	40.5	90	24.18	1.777	0.616	55.44
Orange Shaft	153	37.3	111	20.18	2.236	0.568	62.98
South Vals	150	45.8	90	20.78	1.870	0.614	55.25

Totals	723	45.8	94	21.88	2.060	0.673	63.41
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Ore Reserves at 30 June 1978							
Tons (000s)	4,188	1,580	1,580	5,748			
Stope width—cm	11.71	13.23	14.03	12.49			

Value: Gold—g/t	1,648	1,880	2,042	1,772			
Uranium—kg/t	0.397	0.381	0.360	0.386			
Uranium—cm/kg/t	55.90	54.09	52.35	54.83			

The above ore reserve was computed on a joint gold-uranium pay limit based on an estimated Gold Revenue of R5,212 per kg (R190 per ounce) and on an estimated realisable value of Uranium Oxide.

**REMARKS**

During the quarter a seismic event occurred which claimed the lives of a number of employees and caused a disruption of the production of ore from underground sources. In addition to the necessity for the reorganisation of working places and the increased need for safety measures, the stock-pile which had been built up in the past was utilised to maintain the tonnage milled.

The increase in total costs of R1,089,000 was due mainly to the store construction because of the reorganisation of working places and for refrigeration piping.

The development has increased by 75% to 16,682 metres for the quarter.

On behalf of the board, J.C. Fritz, Directors

## SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

Issued Capital—1,420,663 shares of 50 cents each

Operating results	Quarter ended 30 June 1978	31 Mar. 1978	12 months ended 30 June 1978
Ore milled..... (t)	54,700	55,350	218,550
Gold produced..... (kg)	235,029	234,748	1,013,695
Gold sold..... (kg)	430	430	444
Working revenue per ton milled..... (R)	24.88	20.47	22.34
Working cost per ton milled..... (R)	25.23	24.12	24.28
Loss per ton milled..... (R)	0.35	3.65	2.04

Financial (R'000)			
Working revenue.....	1,391	1,133	4,280
Working costs.....	1,380	1,347	5,306

Loss..... (R)	19	204	448
State aid..... (R)	39	332	658
Net additional expenditure..... (R)	10	20	71

Income before taxation..... (R)	70	8	139
Income after taxation..... (R)	70	8	139

Capital expenditure..... (R)	—	—	—
Dividends: declared..... (R)	—	—	—
Capital expenditure commitments..... (R)	—	—	—

Capital expenditure for remainder of year..... (R)	—	—	—
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Development..... (R)	212	1,127	3,321
Advanced..... (R)	136	88	1,450
Sampling results: Sampled..... (m)	193	183	185

Channel width..... (cm)	590	511	620
Average value..... (cm/g/t)	8	90	280
Metres..... (m)	8.5	13.3	18.3

Percentage..... (cm)	201	156	163
Channel width..... (cm)	6.98	7.97	8.07
Value..... (g/t)	1,406	1,247	1,312

Development Summary			
Three months ended 30 June 1978			
Metres advanced	212	136	219

Metres sampled	193	183	185
Channel width	590	511	620
Value	1,406	1,247	1,312

Payable Development			
Ref	Payable	Per centage	Channel width

Ventersdorp Contact Reef	8	5.5	201
Kimberley Reef	8	5.5	201
Totals	8	5.5	201

Ore Reserves at 30 June 1978			
Tons	17,100	58,300	75,400
Stope width—cm	108	108	108

Value g/t..... (R)	7.23	7.98	7.98
Value g/t..... (R)	1,051	1,240	1,179

Not included in the above are 93,700 tons at a value of 10.81 g/t classified as unminable. This tonnage comprises 65,300 tons at a value of 10.29 g/t situated in the flooded areas of the mine; and 21,100 tons at a value of 13.30 g/t—classified as unminable haulage pillars together with 7,300 tons at a value of 5.29 g/t which are rock-mechanics safety pillars.



## MINING NEWS

# Union Corp. launches a R200m uranium mine

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S Union Corporation, now controlled by the General Mining group, announced the go-ahead for its projected uranium-gold mine in the Orange Free State, about 15 miles south of the St. Helena gold mine.

Bela Mines, operating company plans an initial operation of 100,000 tons of ore per month with first production scheduled for the second half of 1982. Capital cost is put at R200m (£122m), but the actual figure is expected to be increased by inflation.

Adequate funds are available for the first phase of the project while the rest will be provided from group resources and an offer of shares to the public. The timing of the share offer has not yet been decided.

Richard Rolfe reports from Johannesburg that a financing operation along the lines of Anglo American's Ergo project appears to be contemplated for Bela. It will be the first new primary uranium producer in South Africa and the decision to go ahead also marks the first uranium-gold mining venture other than those adjoining existing mines since the opening up of the Evander field in the 1950s.

Capital costs are high in relation to the size of the mine, being equivalent to an average annual ton. The comparable figure for a new mine like Deelkraal is R105 per annual ton of an established mine, even though Bela will be fairly shallow at about 5,000 ft.

Bela will be centred on the farm Palmietkruis where the bulk of Union Corporation's drilling has been carried out. It is wholly owned by Union Corporation and there is no involvement by Anglo American which has also drilled in the area not by any of the other companies owning mineral rights nearby, which include Free State Developments and New Wit. Because of the provisions of South Africa's Atomic Energy Act no details of uranium or even gold grade are being released at this stage.

Union Corporation yesterday rose 12½ to 300p after touching a 1978 high of 300p.

## CHARTER IN THE CONFESIONAL

The annual meeting in London yesterday of Charter Consolidated turned into a corporate confessional when, in answer to questions, Mr. Hofmeyr admitted past errors and argued that the group had not really done as badly as the stock market sometimes thought.

Taxed by a shareholder about the disappointing value of the shares, the fluctuations in the fortunes of the group and the limited investment it held, Mr. Hofmeyr readily conceded the mistakes of involvement in Mauretanian Iron and Zairean Copper.

Respectively, Charter should never have gone into Mauretanian, but it had been the victim of circumstances in Zaire, he said. If these two ventures were excluded then the performance of Charter had steadily improved and this

## More good gold profits

THE LATEST batch of June quarterly reports from the South African gold mines continue the story of profits boosted by the once-for-all extra payments arising out of the new selling arrangements for bullion in the Republic. They underline the beneficial gearing on profits of the margin mines from the "bonus" payments which equate to a rise in the gold price.

In the Union Corporation group, Marieval has been additionally helped by a fall in the tax and lease charge. Lesie has done notably well, but Grootvlei earnings have been checked by a lower gold grade coupled with higher costs. Useful profit gains are reported by St. Helena and Winkelhaak, as the accompanying table shows.

In the General Mining group, St. Helena's higher profit is after the repayment of State aid and production has risen thanks to a plentiful supply of trained black labour. West Rand Consolidated states that development of the uranium reserves has been increased by 33 per cent and that the higher price of uranium has been obtained in order to allow a flexible gold-uranium mining policy to be implemented.

## SULPHUR MINE CLOSED BY TEXASGULF

Texasgulf, the diversified U.S. mining group, has decided to close its Bully Camp sulphur mine near Larose in Louisiana. A company statement said the operation had become uneconomical because of low production rates and increases in the costs of natural gas which is used in large quantities.

The group has in any case had trouble with the regularity of gas supplies since 1970 and this has disrupted the original mining plan.

The reserves at Bully Camp are not considered large enough to warrant the capital expenditure necessary to reopen the mine later, and they are being abandoned.

Last year Bully Camp produced 139,000 long tons of sulphur, a mere 8 per cent of the group's total sulphur output. Texasgulf

## BANCO DE LA NACION ARGENTINA

U.S.\$30,000,000 Floating Rate Notes 1983

Notice is hereby given pursuant to the Terms and Conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the interest period (as therein defined) from 21st July, 1978 to 21st January, 1979 is at the annual rate of 9½ per cent. The U.S. Dollar amount to which the holders of Coupon No. 1 will be entitled on duly presenting the same for payment will be U.S.\$48.19 subject to appropriate adjustment thereto (or the making of other appropriate arrangements of whatever nature) which may be made in accordance with the Terms and Conditions without further notice in the event of an extension or shortening of the above-mentioned interest period.

EUROPEAN BANKING COMPANY LIMITED (Agent Bank)

20th July, 1978.

## CROSBY SPRING INTERIORS LIMITED

	1978	1977
Sales	£7,496,999	£7,221,394
Pre Tax Profit	£712,090	£589,482
Capital & Reserve	£2,004,197	£1,617,991
Earnings per 10p share	3.22p	2.63p
Final Dividend per share	0.4358p	
making a total for the year of	0.6536p	0.5852p

The Company has announced a Scrip Issue of one £1.10 per cent Cumulative Preference Share for every 20 Ordinary Shares held as at 7th July, 1978.

## J. BILLAM LIMITED

(Principal activities include the manufacture of cutlery and precision short metal engineering for aircraft and motor industries.)

Extracts from the circulated Statement of the Chairman Mr. Gordon Billam:

Pre-tax profit of the group for the year 1977 is £191,651. The comparative profit for 1976 was £182,988. The group net profit after taxation and after payment of the interim dividend of £11,788 leaves this year's profit available for appropriation at £77,504.

A final dividend of 2.3862 pence per share is recommended (1978 2.21) which with the related tax credit amounts to 3.57 pence (1978 3.4) making 4.763 pence per share (1976 4.5) for the year.

Group profits for the full year showed a significant increase over the previous year. Trading conditions for the cutlery industry will be difficult during 1978 but I anticipate that the group will experience another successful year.

# Courtaulds warns of fibres trading difficulties

BUSINESS FOR fibres and fabrics has remained difficult at Courtaulds and the immediate outlook depends primarily on improved results from the fibres operations. Sir Arthur Knight, the chairman, warned the annual meeting.

Activity had, however, recovered from the low level seen in the second half of 1977/78 but was still below the comparable level of a year ago, and the group has not yet been able to raise prices sufficiently in all markets, particularly overseas, to recoup higher costs quite apart from securing adequate margins, he commented.

The modest improvement in conditions already reported had continued to benefit those areas of the business which responded early to a rise in consumer demand - notably consumer products and packaging. The paint business had also started the year quite well, particularly in the UK, he said.

At the AGM of Guthrie Corporation, Sir Eric Griffith-Jones, the chairman, told members that the company had not been approached by Sime Darby or any other organisation regarding a possible takeover bid.

The share register discloses other material Eastern shareholdings, many acquired in recent months, he said, but there was no evidence to link these to a potential bidder.

The directors were of the opinion that the present value of plantation assets was materially in excess of that shown in the accounts, said Sir Eric, but he resisted a shareholder's request for a revaluation of assets, saying this could be difficult in certain countries where Guthrie operates.

# Good start to current year at Greene King

Sir Hugh Greene, chairman of the Greene King and Sons, the Bury extra fermenters. The chairman says that this major development results in the total capital expenditure budget for 1978/79 reaching over £4m. At the year end capital expenditure contracted for amounted to £1,536m (£1m) and a further £2,066m (£1.43m) was authorised but not contracted.

The group traded successfully in the year ended April 30, 1978, with turnover rising by 50 per cent to £38.36m and profits going ahead by 18 per cent to £4.25m. Despite difficult weather, conditions last summer, all the main operations contributed to the improved performance.

The chairman says that sales of cask-conditioned beer were especially good and accounted for 44 per cent of group barrelage. Although sales showed strong growth too, the group's traditional blitter and Abbot ale were the leaders but sales of bottled and canned beers also improved.

The chairman feels that the group's pubs did well to raise their trade at all - when the general pattern in the competing pub was thought to be depressed. Free trade is still flourishing and amounted to 42 per cent of the total barrelage for which was 10 per cent up on the preceding year. To meet extra demand two-shift brewing was started in November and this is proving successful.

Investment in brewing capacity and plant processing has continued. Among the major items were additional capital expenditures at Bury St Edmunds and Biggleswade and more cold storage tanks for bottled beer preparation.

Sales of draught beer having doubled in the past five years, the group is to start building soon a new department at Bury which is due to be commissioned in the autumn of 1979, doubling cask beer capacity and making room

## Hampson Inds. tops forecast

A BETTER than forecast pre-tax profit of £214,194 was achieved by Hampson Industries for the year to March 31, 1978, compared with £263,749 for the last full year.

At the interim stage when profits of £271,000 (£240,000) were reported the directors said that the full-year figure would not be less than £254m and they were hoping that it would show an advance on the previous 12 months.

Earnings per 3p share are shown to be ahead from 2.14p to 2.33p and the dividend total is effectively lifted from 0.822p to 0.732p with a final of 0.457p net. A one-for-ten scrip issue is also proposed.

Turnover for the year advanced to £11.75m (£10.38m) and tax took £234,001 (£215,697). There was an extraordinary credit this time of £23,023 and the attributable balance totalled £104,121 (£30,030). Some £314,000 (£270,000) was retained.

The company's activities are in engineering and manufacturing, industrial cleaning, maintenance and allied services.

## Foreign & Colonial

After paying interest of £1.31m, against £1.04m, Foreign and Colonial Investment Trust expanded revenue before tax from £1,993,000 to £2,460,000, for the half-year to June 30, 1978, on gross revenue of £2,750m better at £4,040m.

At mid-year, net assets were higher at £134.7m (£134.7m) for a value per share up from 203p to 214p, including investment premium of 38p (32.5p).

The net interim dividend is stepped up in 125p (1p) to reduce revenue. Last time a final of 2.77p was paid from a record dividend of £4.27m.

Investments at valuation amounted to £182.1m (£138.7m) and the trust's portfolio at half-year was distributed as to 1.43 per cent, U.S. 27.9 per cent, Japan and Far East 10.2 per cent, European 4 per cent, Canada 1.7 per cent, South America 3.9 per cent, South Africa 3.5 per cent, and Australia 1.1 per cent. Foreign currency loans stood at £21.96m (£17.85m).

# Union Corporation Group

## Directors' Reports of Gold Mining Companies for the quarter ended 30th June, 1978.

### WINKELHAAK MINES LIMITED

Issued Capital R12,000,000 in shares of R1 each.

Quarter ended	Quarter ended	Quarter ended
30th June 1978	31st Mar. 1978	30th June 1977
<b>OPERATING RESULTS:</b>		
Ore Milled (t)	520,000	516,000
Gold produced - kg.	3,900	3,922
Yield - (g/t)	7.50	7.60
Revenue per ton milled	R41.24	R37.05
Cost per ton milled	R15.64	R15.48
Profit per ton milled	R25.60	R21.57
Working revenue	R21,443,000	R19,118,000
Working costs	R8,130,000	R8,218,000
Working profit	R13,313,000	R10,899,000
Net sundry revenue	R774,000	R486,000
PROFIT before taxation and lease consideration	R14,087,000	R11,444,000
Taxation and lease consideration	R8,774,000	R7,006,000
PROFIT after taxation and lease consideration	R5,313,000	R4,438,000
Capital expenditure		R18,000
Dividend declared		R8,380,000
Dividend declared (recoverable)	R966,000	R773,000
DEVELOPMENT:		
Advanced (m)	2,855	2,438
Sampling results:		
Sampled (m)	579	567
Channel width (cm)	46	41
Av. value: g/t	31.9	32.2
Cm/g	1,438	1,220
Payable:		
Percentage	76	64
Channel width (cm)	80	48
Av. value: g/t	33.2	34.8
Cm/g	1,600	1,071
Dividend of 83 cents per share was paid on 12th May, 1978.		
Capital Expenditure		R1,000
Commitment in respect of contracts placed		R165,000
Amounts approved in addition to commitments		
On behalf of the board: L. W. P. van den Bosch, Directors		

### THE GROOTVLEI PROPRIETARY MINES LIMITED

Quarter ended	Quarter ended	Quarter ended
30th June 1978	31st Mar. 1978	30th June 1977
<b>OPERATING RESULTS:</b>		
Ore Milled (t)	380,000	380,000
Gold produced - kg.	1,440	1,584
Yield - (g/t)	3.80	4.18
Revenue per ton milled	R21.20	R21.22
Cost per ton milled	R15.16	R14.62
Profit per ton milled	R6.04	R6.60
Working revenue	R8,072,000	R8,072,000
Working costs	R4,456,000	R4,456,000
Working profit	R3,616,000	R3,616,000
Net sundry revenue	R3,000	R3,000
PROFIT before taxation and lease consideration	R6,616,000	R6,616,000
Taxation and lease consideration	R1,273,000	R1,273,000
PROFIT after taxation and lease consideration	R5,343,000	R5,343,000
Capital expenditure		R3,000
Dividend declared		R1,830,000
Dividend declared (recoverable)	R178,000	R170,000
DEVELOPMENT (Kilimay Road):		
Advanced (m)	824	482
Sampling results:		
Sampled (m)	336	420
Channel width (cm)	17	29
Av. value: g/t	68.4	37.3
Cm/g	1,112	1,083
Payable:		
Percentage	63	54
Channel width (cm)	19	38
Av. value: g/t	79.9	42.2
Cm/g	1,281	7,603
Dividend		
On 8th June, 1978, Dividend No. 79 of 16 cents per share was declared payable to members registered at 30th June, 1978. Dividend warrants will be posted on or about 23rd August, 1978.		
On behalf of the board: L. W. P. van den Bosch, Directors		

### BRACKEN MINES LIMITED

Quarter ended	Quarter ended	Quarter ended
30th June 1978	31st Mar. 1978	30th June 1977
<b>OPERATING RESULTS:</b>		
Ore Milled (t)	105,000	203,000
Gold produced - kg.	1,326	1,380
Yield - (g/t)	8.80	6.80
Revenue per ton milled	R39.21	R34.46
Cost per ton milled	R17.28	R17.26
Profit per ton milled	R21.93	R17.20
Working revenue	R4,105,000	R6,983,000
Working costs	R2,483,000	R3,503,000
Working profit	R1,622,000	R3,480,000
Net sundry revenue	R450,000	R267,000
PROFIT before taxation and lease consideration	R2,072,000	R3,747,000
Taxation and lease consideration	R2,775,000	R2,308,000
PROFIT after taxation and lease consideration	R1,297,000	R1,439,000
Capital expenditure		R1,439,000
Dividend declared		R2,800,000
Dividend declared (recoverable)	R305,000	R776,000
Dividend		
On 8th June, 1978, Dividend No. 79 of 16 cents per share was declared payable to members registered at 30th June, 1978. Dividend warrants will be posted on or about 23rd August, 1978.		
On behalf of the board: L. W. P. van den Bosch, Directors		

### ST. HELENA GOLD MINES LIMITED

Issued Capital R9,625,000 in shares of R1 each.

Quarter ended	Quarter ended	Quarter ended
30th June 1978	31st Mar. 1978	30th June 1977
<b>OPERATING RESULTS:</b>		
Ore Milled (t)	480,000	480,000
Gold produced - kg.	4,176	4,212
Yield - (g/t)	8.70	8.78
Revenue per ton milled	R40.61	R43.11
Cost per ton milled	R22.11	R21.70
Profit per ton milled	R18.50	R21.41
Working revenue	R23,323,000	R20,893,000
Working costs	R10,812,000	R10,418,000
Working profit	R12,511,000	R10,475,000
Net sundry revenue	R244,000	R287,000
PROFIT before taxation and lease consideration	R12,755,000	R10,762,000
Taxation and lease consideration	R1,096,000	R1,186,000
PROFIT after taxation and lease consideration	R11,659,000	R9,576,000
Capital expenditure		R14,499,000
Dividend declared		R7,700,000
Dividend declared (recoverable)	R938,000	R738,000
DEVELOPMENT (Basal Reef):		
Advanced (m)	2,342	2,108
Sampling results:		
Sampled (m)	263	363
Channel width (cm)	105	97
Av. value: g/t	9.6	11.3
Cm/g	919	1,188
Payable:		
Percentage	22	26
Channel width (cm)	102	128
Av. value: g/t	16.2	15.7
Cm/g	1,687	2,013
Dividend		
On 12th May, 1978, Dividend No. 76 of 32 cents per share was declared payable to members registered at 30th June, 1978. Dividend warrants will be posted on or about 23rd August, 1978.		
On behalf of the board: L. W. P. van den Bosch, Directors		

### KINROSS MINES LIMITED

Issued Capital R18,000,000 in shares of R1 each.

Quarter ended	Quarter ended	Quarter ended
30th June 1978	31st Mar. 1978	30th June 1977
<b>OPERATING RESULTS:</b>		
Ore Milled (t)	380,000	380,000
Gold produced - kg.	2,673	2,964
Yield - (g/t)	7.03	7.80
Revenue per ton milled	R40.52	R37.29
Cost per ton milled	R18.28	R18.57
Profit per ton milled	R22.24	R18.72
Working revenue	R15,503,000	R14,547,000
Working costs	R7,121,000	R7,227,000
Working profit	R8,382,000	R7,320,000
Net sundry revenue	R412,000	R314,000
PROFIT before taxation and lease consideration	R8,794,000	R7,634,000
Taxation and lease consideration	R5,250,000	R4,301,000
PROFIT after taxation and lease consideration	R3,544,000	R3,333,000
Capital expenditure		R230,000
Dividend declared		R14,400,000
Dividend declared (recoverable)	R602,000	R500,000
DEVELOPMENT:		
Advanced (m)	2,688	2,394
Sampling results:		
Sampled (m)	545	408
Channel width (cm)	77	44
Av. value: g/t	5.8	7.9
Cm/g	450	348
Payable:		
Percentage	17	10
Channel width (cm)	62	39
Av. value: g/t	16.8	24.3
Cm/g	1,163	1,294
Dividend		
On 8th June, 1978, Dividend No. 79 of 16 cents per share was declared payable to members registered at 30th June, 1978. Dividend warrants will be posted on or about 23rd August, 1978.		
On behalf of the board: L. W. P. van den Bosch, Directors		

### MARIEVALE CONSOLIDATED MINES LIMITED

Issued Capital R1,125,000 in shares of 25 cents each.

Quarter ended	Quarter ended	Quarter ended
30th June 1978	31st Mar. 1978	30th June 1977
<b>OPERATING RESULTS:</b>		
Ore Milled (t)	250,000	270,000
Gold produced - kg.	4,880	783
Yield - (g/t)	2.80	2.90
Revenue per ton milled	R18.01	R14.08
Cost per ton milled	R8.57	R8.52
Profit per ton milled	R9.44	R5.56
Working revenue	R4,502,000	R3,805,000
Working costs	R2,328,000	R2,328,000
Working profit	R2,174,000	R1,477,000



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Chemical earnings disappoint

BY DAVID LASCELLES

TWO U.S. chemical majors today reported small to moderate increases in earnings for the second quarter, usually the chemical industry's strongest period, but mentioning unfavourable price trends.

Dupont, the largest U.S. chemical company, made a net profit of \$191m (or 32.2 cents a share), compared with \$161m (or 32.2 cents a share) in the same period last year. Sales rose to \$2,730m from \$2,470m. The company said that net profit during the quarter was after a non-recurring charge of \$18m (or 33 cents a share), due to the discontinuation of certain products.

Mr. Irving Shapiro, Dupont's chairman, said the performance reflected the continuing strength of specialty products, and a significant improvement in some areas of its textile fibres business, partly offset by some deterioration in commodity chemicals profitability, and the non-recurring charge.

The chemicals, plastics and specialty products business recorded a sales increase of 13 per cent to \$1,670m, with agricultural chemicals, finishes and electronic products strong.

NEW YORK, July 19.

## Bendix registers sound progress

SOUTHFIELD, July 19. BENDIX CORPORATION attributes an improvement in the third quarter earnings to the result of cost performance by its aerospace, electronics and shelter businesses.

The company earlier reported earnings for the quarter ended June 30 of \$1.74 a share on sales of \$944m compared with net of \$1.52 and sales of \$875m a year earlier. Total net was \$39.5m, against \$34.5m. The chairman, Mr. William M. Agre, said the aerospace-electronics business reported excellent results with significantly higher profits earned on increased revenues.

For the nine months to date, Bendix has earned \$4.45 a share, compared with \$4.06 last year. Total net of \$100m compared with \$90.7m and sales of \$2.7bn with \$2.5bn.

However, the FTC immediately announced that it would appeal against the decision. As a result it seems likely that a temporary injunction issued earlier by the appeals court when the FTC was trying every possible means to halt the merger, will remain in force until the appeal is heard.

The agreed merger is worth \$485m and would transform Tropicana, by far the largest purveyor of orange juice in the country, into a wholly-owned subsidiary of Beatrice Foods, the largest U.S. food company.

Meanwhile, in Chicago, Beatrice Foods said it has filed a motion with the U.S. Court of Appeals to vacate an order of July 6 staying the proposed acquisition.

## Honeywell optimistic after sharp advance in profits

BY OUR FINANCIAL STAFF

HONEYWELL HAS exceeded its earlier expectations of a "modest" rise in sales and earnings in the first part of this year with a near 54 per cent surge in second quarter net profits to \$41.8m from \$27.2m.

Earnings per share moved up to \$1.96 from \$1.29, while revenues totalled \$855m against \$706m, a gain of 22 per cent.

Over the whole of the first half, profits showed a 40 per cent advance from \$54.1m to \$75.5m, with revenues up 39 per cent to \$1,556m. Earnings per share were \$3.54, up from \$2.57.

Honeywell's chairman, Mr. Edson W. Spencer, commented that all major sectors of the company's business had contributed to the strong performance during the first half.

Mr. Spencer, who said a few months ago that 1978 would be "strong" with moderate over-all gains, added yesterday that the outlook at present "continues to be bright."

Computer revenues were continuing to improve, while orders for computers had increased substantially along with backlog.

The net profit figures for the 1978 period excludes extraordinary credits of 10 cents a share in the second quarter and 18 cents for the six months. It takes in foreign currency losses of 19 cents for the quarter and 31 cents for the half-year.

Not included in the corresponding figures for last year were extraordinary credits of 12 cents a share in the second three months and 31 cents for the half.

Last year, Honeywell lifted its net income by 25 per cent to \$145m, with per share earnings of \$6.90 compared with the 1976 level of \$5.50.

## Royal Trust increase

By Robert Gibbons

MONTREAL, July 19. CANADA'S LARGEST trust company, the Royal Trust, reports first-half operating earnings of \$11.4m, equal to 96 cents a share, against \$8.3m, or 52 cents, excluding extraordinary items.

Meanwhile, Alco Industries, the largest Canadian maker of industrial prefabricated buildings, earned \$7.9m or \$1.50 a share in the year ended March 31, against \$6.8m or \$1.19 a year earlier. Revenue came to \$24.9m compared with \$23.6m.

The company cited slower domestic and export markets. The national mortgage company, Canada Permanent Mortgage earned \$9.7m or \$1.11 a share in the first half against \$8.5m or \$1.09 last year. Revenue was \$22.2m against \$21.8m. Full year's earnings were "modestly" ahead of 1977.

Canadian National Railways and Hall Corporation, a major Great Lakes shipping company, controlled by American interests, are playing a role in Nova Scotia Government plans to revive the Halifax Shipyard division of Hawker Siddeley Canada. A Netherlands company RSV may also participate.

The three companies would provide working capital and management if the provincial government goes ahead with purchase of the Halifax yards.

## American Airlines sees new peak

NEW YORK, July 19.

AMERICAN AIRLINES expects higher 1978 earnings than the record \$70.7m or \$2.15 per share it earned in 1977.

The company said traffic growth has been outstanding in the first two weeks of July, as it was throughout the first six months of the year.

"We are experiencing a phenomenally good summer and expect strong year-over-year gains in the September-December period," said Mr. Albert V. Casey, the chairman and president.

"If these gains are realised, the outlook is for the best earnings by far that American has ever achieved," he added.

For the second quarter, the airline turned in net earnings per share of \$1.43 compared with \$1.15 in the same period last year. Total net was \$43.9m from \$31.5m operating expenses of \$644.4m compared with \$544.3m in the comparable quarter. Sales of \$888.2m moved up from \$851.1m last year.

For the first half of the year, net earnings of \$1.08 are up from 83 cents. Total net of \$36.9m has increased from \$29.9m last year. Operating expenses of \$1,240m compared with \$1,066m and sales of \$1,359m with \$1,100m.

Not for both periods in 1978 includes accruals and payments of \$9.8m pre-tax under mutual aid pact due to Northwest Airlines strike.

Mr. Casey noted that eight of the company's fifteen all-time high traffic days have occurred in the past three weeks.

They also attributed the expected record 1978 performance to programme of capacity control that has pushed up load factors—the load factor for the quarter was up 6.1 percentage points from last year's period to 84.8 per cent. The load factor in June was up 8.4 points to 87.3 per cent—and to cost controls that have enabled American Airlines to overcome the sizable increase in fuel expenses resulting from the termination last August of a favourable supply contract.

Agencies

on an equity basis, exchange gains of \$315.6m against \$35.5m a year earlier.

Fraser Companies, the New Brunswick and Maine pulp and paper producer owned by the Noranda Mine Group, earned \$810m or \$4.28 a share in the first half against a regulated \$65.3m or \$3.28 on sales of \$1,125m (\$1,011m) writes Robert Gibbons from Montreal. Demand was strong for Groundwood papers and lumber, the fine

paper market was improving and there were strong gains on exchange.

CROWN Zellerbach Canada, the big western pulp, paper and lumber producer, earned \$39.9m in the first quarter or \$1.17 a share, against \$6.9m or 85 cents, as reported on volume of \$130m (\$113m).

First half earnings total \$316.6m or \$3.03 a share against \$311.9m or \$3.14 on volume of \$3,243m (\$3,210m).

largest U.S. bank, net income soared 57 per cent to \$19.9m from \$12.7m in the second quarter. Earnings per share were \$1.85 against \$1.03.

First half net earnings before securities transactions moved up by more than 46 per cent to \$85.5m.

A sharp advance was produced by Wells Fargo, which reported an operating net for the quarter of \$28.3m, a gain of 38 per cent on the \$20.5m in the same period of 1977. Per share earnings of \$1.26 compared with 89 cents.

Over the whole of the first half, the rise was a steeper 45 per cent.

To: J. R. Archer, Esq.,  
Charles Barker Lyons Limited,  
Freepost,  
London EC4B 4AU.

Please send me a copy of the 1978 Annual Report.

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Address \_\_\_\_\_

Do not stamp the envelope

## Abitibi Paper trebles first half results

BY OUR OWN CORRESPONDENT

ABITIBI PAPER, which with associate Price Co. is now the world's largest newspaper manufacturer, had second quarter operating net profit of \$317.1m, equal to 86 cents a share, against \$48.3m or 32 cents, both periods excluding extraordinary items. Revenues were \$392.3m (\$355.5m).

First half earnings were \$331.9m, or \$3.10 a share, against \$310.3m or 45 cents on revenues of \$382.2m (\$348.9m). The results include Price Co.

on an equity basis, exchange gains of \$315.6m against \$35.5m a year earlier.

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## Metromedia moves ahead in second quarter

NEW YORK, July 19.

SECOND QUARTER net income of Metromedia Incorporated, which has interests in broadcasting, increased from \$8.44m or \$1.38 a share to \$9.94m or \$2.08 a share. Sales revenues were ahead from \$73.42m to \$85.15m.

Also today, the aerospace parts and machinery company Smith-Corona reported second quarter net earnings more than doubled from 64 cents to \$1.32 a share, and a further large increase in earnings for the period was announced by the medicines manufacturer Smith-Kline Corporation, with net earnings per share ahead from 81 cents to \$1.21.

The largest manufacturer of mining machinery in the U.S., Bucyrus-Erie Company, had net earnings of 88 cents a share for the second quarter, compared with 84 cents last time, while Clark Equipment Company, which manufactures trucks and construction machinery, moved ahead for the same period from \$1.11 to \$1.64 a share, and Dover Corporation, the elevators and valves maker, advanced from \$1.09 to \$1.32 a share.

Stauffer Chemical had net earnings a share of \$1.07 in the second quarter, against 82 cents last year, while the electric

## Bank of America rationalisation

BY MICHAEL BLANDIN

IN A further step to rationalise its international merchant banking activities, Bank of America yesterday announced the sale by the Wobaco Holding Group in Luxembourg of the World Bank Corporation subsidiary.

World Bank Corporation, also Luxembourg-based, is being sold to a group of Middle East investors with whom "Bank of America maintains cordial relations and close co-operation."

Bank of America would not disclose the price of the deal or the identity of the buyers, though it said that they were not "bankers."

The move follows the acquisition of control of Wobaco by Bank of America and the sale of two other banks previously owned by the Wobaco Holding

company. These were sold to Société Financière Européenne, the European consortium banking group. The deal, Bank of America said, concluded the rationalisation programme affecting Wobaco.

As expected, the group intends to keep the trust companies acquired with Wobaco, and said that a further announcement concerning the trust companies within the Wobaco holding company, which remain wholly owned by Bank of America would be made at a later date.

The terms of the EIB places yesterday priced at par. The terms were agreed early last week, and this accounts for the big yield disparity between it and the World Bank's issue. Tuesday's closing price of \$420 for the shares in Tokyo. The issue for Tokyo, Citi was the first to indicate an offering price as low as \$3 on the 10-year World Bank issue.

The German Bundesbank was in the market to buy some DM 250m worth of domestic paper, both in Tuesday and Wednesday.

The issue for Tokyo, Citi was the first to indicate an offering price as low as \$3 on the 10-year World Bank issue.

## EUROBONDS

## Three new D-Mark denominated issues

BY MARY CAMPBELL

THE D-MARK sector has been falling significantly for the past couple of days, with foreigners reported as heavy sellers, particularly of domestic German bonds, for the first time. The dollar sector by contrast is holding up well.

New issues have been launched in the D-Mark sector, all three for multinational institutions which are not officially part of the calendar of foreign bond issues.

They are a DM 75m placement for the European Investment Bank offering 8 per cent for 10 years (bullet) via Comarbank, a DM 75m placement for Oesterreichische Kontroll-

bank, offering 5 1/2 per cent for seven years (bullet) via Bayerische Vereinsbank, and two 10-year World Bank issues, the World Bank offering 5 1/2 per cent at 99 1/2 for six years (bullet) and 6 per cent for 10 years (bullet) at 98. Deutsche Bank is lead manager.

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## U.S. QUARTERLIES

ALLIS-CHALMERS				ANHEUSER-BUSCH				DENNISON MFG.				POLAROID			
Second Quarter	1978	1977		Second Quarter	1978	1977		Second Quarter	1978	1977		Second Quarter	1978	1977	
Revenue	494.3m	408.3m		Revenue	581.8m	462.2m		Revenue	106.3m	86.0m		Revenue	319.7m	248.3m	
Net profits	27.8m	27.0m		Net profits	33.2m	27.0m		Net profits	6.1m	4.1m		Net profits	26.2m	20.6m	
Net per share	2.37	2.10		Net per share	0.74	0.60		Net per share	1.15	0.85		Net per share	0.80	0.52	
Six Months	866.3m	759.1m		Six Months	1,065m	884.6m		Six Months	200.7m	165.5m		Six Months	560.4m	441.1m	
Net profits	48.61m	42.60m		Net profits	53.6m	44.7m		Net profits	9.1m	7.5m		Net profits	46.8m	34.5m	
Net per share	3.82	3.51		Net per share	1.19	0.98		Net per share	2.08	1.76		Net per share	1.24	0.95	
AMERICAN EXPRESS				BRANIFF INT.				DUN & BRADSTREET				SPERRY RAND			
Second Quarter	1978	1977		Second Quarter	1978	1977		Second Quarter	1978	1977		First Quarter	1978	1977	
Revenue	1,020m	835.4m		Revenue	236.0m	—		Revenue	180.5m	187.9m		Revenue	972.5m	827.9m	
Net profits	79.1m	67.0m		Net profits	11.3m	9.8m		Net profits	18.62m	15.62m		Net profits	45.3m	37.5m	
Net per share	1.11	0.94		Net per share	0.56	0.49		Net per share	0.87	0.86		Net per share	1.39	1.08	
Six Months	1,940m	1,600m		Six Months	454.1m	373.9m		Six Months	369.0m	330.5m		Six Months	3.8m	3.3m	
Net profits	141.3m	117.0m		Net profits	30.1m	18.4m		Net profits	34.25m	28.69m		Net profits	184.3m	159.5m	
Net per share	1.88	1.63		Net per share	1.00	0.52		Net per share	1.23	1.03		Net per share	5.28	4.59	
AMERICANHOME PRODS.				CHESTERBROUGH-PONDS				ELECTRONIC MEMORIES				TEXASGULF			
Second Quarter	1978	1977		Second Quarter	1978	1977		Second Quarter	1978	1977		Second Quarter	1978	1977	
Revenue	754.8m	664.4m		Revenue	209.1m	183.7m		Revenue	32.0m	28.5m		Revenue	146.7m	119.6m	
Net profits	78.94m	68.64m		Net profits	14.3m	12.6m		Net profits	1.3m	1.1m		Net profits	11.73m	12.55m	
Net per share	0.60	0.44		Net per share	0.44	0.39		Net per share	0.20	0.16		Net per share	0.91	0.53	
Six Months	1,570m	1,400m		Six Months	423.4m	374.1m		Six Months	62.8m	53.3m		Six Months	37.1m	239.3m	
Net profits	187.49m	148.97m		Net profits	30.7m	27.8m		Net profits	3.1m	2.1m		Net profits	22.7m	27.6m	
Net per share	1.06	0.84		Net per share	0.96	0.88		Net per share	0.34	0.29		Net per share	0.58	0.75	
AMETEK				CROWN ZELLERBACH				PFIZER				UTD: BANKS COLORADO			
Second Quarter	1978	1977		Second Quarter	1978	1977		Second Quarter	1978	1977		Second Quarter	1978	1977	
Revenue	82.0m	75.3m		Revenue	650.5m	582.6m		Revenue	558.3m	487.3m		Revenue	3.6m	3.3m	
Net profits	5.3m	4.6m		Net profits	39m	32.3m		Net profits	45.9m	38.9m		Net profits	0.93	0.96	
Net per share	1.01	0.88		Net per share	1.53	1.29		Net per share	0.66	0.55		Net per share	7.5m	5.8m	
Six Months	154.8m	146.3m		Six Months	1,240m	1,150m		Six Months	1,130m	989.9m		Six Months	1.91	1.00	
Net profits	8.8m	8.6m		Net profits	59.3m	53.5m		Net profits	95.0m	79.3m		Net profits	1.91	1.00	
Net per share	1.87	1.68		Net per share	2.32	2.11		Net per share	1.37	1.13		Net per share	1.91	1.00	

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS				TELMEX				STERLING BONDS				EUROBONDS				FLOATING RATE NOTES			
Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer		
Alcan Australia 5 1/2% 1989	97 1/2	98 1/2		Alcan Australia 5 1/2% 1989	97 1/2	98 1/2		Alcan Australia 5 1/2% 1989	97 1/2	98 1/2		Alcan Australia 5 1/2% 1989	97 1/2	98 1/2		Alcan Australia 5 1/2% 1989	97 1/2		
AMEV 5% 1987	101 1/2	102 1/2		AMEV 5% 1987	101 1/2	102 1/2		AMEV 5% 1987	101 1/2	102 1/2		AMEV 5% 1987	101 1/2	102 1/2		AMEV 5% 1987	101 1/2		
Australia 5 1/2% 1987	98 1/2	99 1/2		Australia 5 1/2% 1987	98 1/2	99 1/2		Australia 5 1/2% 1987	98 1/2	99 1/2		Australia 5 1/2% 1987	98 1/2	99 1/2		Australia 5 1/2% 1987	98 1/2		
Bancard Bank 5 1/2% 1987	93 1/2	94 1/2		Bancard Bank 5 1/2% 1987	93 1/2	94 1/2		Bancard Bank 5 1/2% 1987	93 1/2	94 1/2		Bancard Bank 5 1/2% 1987	93 1/2	94 1/2		Bancard Bank 5 1/2% 1987	93 1/2		
Banque Paribas 5 1/2% 1987	93 1/2	94 1/2		Banque Paribas 5 1/2% 1987	93 1/2	94 1/2		Banque Paribas 5 1/2% 1987	93 1/2	94 1/2		Banque Paribas 5 1/2% 1987	93 1/2	94 1/2		Banque Paribas 5 1/2% 1987	93 1/2		
Can. Pac. 5 1/2% 1987	93 1/2	94 1/2		Can. Pac. 5 1/2% 1987	93 1/2	94 1/2		Can. Pac. 5 1/2% 1987	93 1/2	94 1/2		Can. Pac. 5 1/2% 1987	93 1/2	94 1/2		Can. Pac. 5 1/2% 1987	93 1/2		
Credit National 5 1/2% 1989	93 1/2	94 1/2		Credit National 5 1/2% 1989	93 1/2	94 1/2		Credit National 5 1/2% 1989	93 1/2	94 1/2		Credit National 5 1/2% 1989	93 1/2	94 1/2		Credit National 5 1/2% 1989	93 1/2		
ENR 5 1/2% 1989	93 1/2	94 1/2		ENR 5 1/2% 1989	93 1/2	94 1/2		ENR 5 1/2% 1989	93 1/2	94 1/2		ENR 5 1/2% 1989	93 1/2	94 1/2		ENR 5 1/2% 1989	93 1/2		
First Interstate 5 1/2% 1989	93 1/2	94 1/2		First Interstate 5 1/2% 1989	93 1/2	94 1/2		First Interstate 5 1/2% 1989	93 1/2	94 1/2		First Interstate 5 1/2% 1989	93 1/2	94 1/2		First Interstate 5 1/2% 1989	93 1/2		
GE 5 1/2% 1989	93 1/2	94 1/2		GE 5 1/2% 1989	93 1/2	94 1/2		GE 5 1/2% 1989	93 1/2	94 1/2		GE 5 1/2% 1989	93 1/2	94 1/2		GE 5 1/2% 1989	93 1/2		
IBM 5 1/2% 1989	93 1/2	94 1/2		IBM 5 1/2% 1989	93 1/2	94 1/2		IBM 5 1/2% 1989	93 1/2	94 1/2		IBM 5 1/2% 1989	93 1/2	94 1/2		IBM 5 1/2% 1989	93 1/2		
JP Morgan 5 1/2% 1989	93 1/2	94 1/2		JP Morgan 5 1/2% 1989	93 1/2	94 1/2		JP Morgan 5 1/2% 1989	93 1/2	94 1/2		JP Morgan 5 1/2% 1989	93 1/2	94 1/2		JP Morgan 5 1/2% 1989	93 1/2		
London 5 1/2% 1989	93 1/2	94 1/2		London 5 1/2% 1989	93 1/2	94 1/2		London 5 1/2% 1989	93 1/2	94 1/2		London 5 1/2% 1989	93 1/2	94 1/2		London 5 1/2% 1989	93 1/2		
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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Belgian airline goes deeper into the red

BY GILES MERRITT

BRUSSELS, July 19.

SABENA, THE Belgian national airline, has released provisional 1977 figures showing further serious losses. Although the 95 per cent government-owned carrier has failed to show a net profit since 1970-71, its 1976 balance-sheet had recorded some improvement and the company had been hoping to consolidate that trend during 1977.

Sabena's deficit for last year totals Bfr 2.2bn (\$67m) and thus marks a return to the level of losses it had in 1975, when the deficit was Fr 2.4bn.

When losses in 1976 amounted to Fr 1.4bn, the Sabena management, together with the Belgian Government, hoped that the airline would be able to return to profit by 1978.

It is now apparent that

Sabena's chances of getting rapidly back into the black are remote. Together with its 1977 five-year plan for further restructuring and streamlining, the airline has announced that it is drawing up a new plan for further restructuring and streamlining. Details of the plan, which could involve early redundancies among Sabena's increasingly elderly workforce of almost 10,000, are to be revealed in September.

That the airline is not headed for a return to profitability as matters now stand, however, is also likely to rekindle the controversial issue of a merger between Sabena, the larger Dutch airline KLM, and Luxembourg's non-IATA carrier Luxair.

The merger plan, recommended two years ago by the

consultants McKinsey in a special report, has been championed as being the only feasible way in which Sabena's heavy operating costs could be reduced.

The plan faces a number of practical difficulties, but the chief stumbling block has been opposition among Belgium's French-speaking Walloon population to a merger in which the much larger Dutch airline would dominate.

Although 1977 saw an increase in Sabena's passenger traffic, which rose 4.6 per cent, in contrast to the previous year, when it dropped by 3.4 per cent, it was not able to mount an effective attack on operating costs. Total revenues in 1977 were Bfr 18.9bn, but costs reached Bfr 20.67bn. In 1976, the comparable figures were Fr 17.5bn and 19.25bn.

## Investment curtailed at Norsk Hydro

By Fay Gjester

OSLO, July 19

NORSK HYDRO, Norway's largest industrial concern, is to stop hiring staff during the coming 12 months and to postpone a number of planned investments, as part of an internal economy drive.

In a statement issued today the company explained that it was being squeezed between sharply rising costs, both within Norway and in its North Sea engagements, and difficult market conditions.

In addition, anticipated earnings from its stakes in North Sea oil and gas fields are coming through later than forecast, due to development hold-ups. Norsk Hydro has shares in both of Norway's producing fields, Frigg and Ekofisk.

A Hydro spokesman, Jon Storaas, said in a radio interview that all the company's employees were being asked to seek ways of cutting costs. An improvement in earnings was expected for the operating year 1978-80, but in the meantime "belt-tightening" was needed.

On two occasions earlier this year, Hydro has announced that it was shelving plans for major industrial projects because of high costs and poor world demand.

One concerned a projected magnesium plant at Mongstad, western Norway, where Hydro has had a car-marked for industrial development. The other was for a new aluminium smelter at Glomfjord, in northern Norway, where it has an ammonia and fertilizer plant.

Pavis cash calls

DEMANDS for loans of more than FFrs 1bn (\$215m) will be made on the Paris bond market over the next week or so, writes our financial staff. Six Generale will raise FFrs 500m through a 15-year issue at par. Coupon will be 10.5 per cent and redemption will be in equal annual series throughout the bond's life. Other borrowers include the property leasing firm Locahell and Ste des Autoroutes Paris-Rhin-Rhône.

## Commissioner for Italian industry

BY DOMINICK J. COYLE

ROME, July 19.

A SALVAGE plan for Italy's ailing chemicals industry, charges of some executives of the industry, promised repeatedly by Ministers over the past year or more, is once again bogged down. This time because the minority Christian Democrat (DC) Government of Sig. Giulio Andreotti, has failed so far to win support for its proposals from the main political parties supporting it in parliament.

Definitive decisions were promised finally for last night, but the Cabinet merely settled on principles and, in effect, told Mr. Carlo Donat Cattin, the Industry Minister, to go and sell his proposals to the political forces, including the Communists, and also to the trade unions.

Meanwhile, the losses of the main chemicals groups continue to mount, notably at Montedison, Liquechima, which reported a 1977 loss of \$22.5m, ANIC and SRI. Moreover the sudden

the Government now appears to have reached a measure of broad agreement on the best method for dealing with major groups facing possible bankruptcy, and not necessarily limited to the particular and currently pressing difficulties of the chemicals sector.

The concept involves the creation of a special commissioner (indeed presumably a number of such overlords) who would, in effect, take independent control of financially troubled companies and evaluate their long term prospects. Such a commissioner would co-ordinate some, at least, of the operative functions of a number of Ministries assisting the Budget Office and Industry.

His appointment, as envisaged by the outline programme discussed by Ministers last night with particular reference to the chemicals sector, would follow only after a company had made a

formal application for bankruptcy, but his appointment would then "freeze" the application for as long as one year.

The task of both co-ordinating the commissioner's activities and monitoring performance would be subject to both ministerial and legal controls, with provisions for special representations by creditors.

Some of the opposition parties, and also the trade unions and many of the companies facing financial difficulties, are inclined to see the government's proposals as being more structural than financial.

They argue that adequate mechanisms for assisting ailing companies, including the chemicals sector, already exist, and that what is lacking is a concerted reconstruction and renewal programme, together with the commitment of government funds to implement it.

## Norway calls meeting on Volvo

BY OUR OWN CORRESPONDENT

OSLO, July 19.

NORWAY'S MINISTRY of Finance Minister Per Kleppe and Oil and Energy Minister Bjartmar Gjerde, possibly other Ministers as well. No politicians

on other than Government Ministers would attend. This means that opposition politicians who have criticised the deal will not be present.

The spokesmen were unwilling to give further details about the arrangements and admitted that it had been intended to keep the meeting confidential.

Meanwhile, a recent poll by an Oslo business magazine indicates little interest among investors for the planned sale of shares in the new Norwegian

Swedish Volvo company. The magazine, Økonomisk Rapport, said it had asked a sample group of 100 "business leaders" whether they would consider buying the shares. Only four said yes, and comments made by the others indicated that it would not be possible to "sugar" the issue enough to sell many.

The magazine also asked the group whether the huge amounts of money involved could have been better spent within Norway. Eighty per cent replied that it would have been more sensible to use the money to provide direct support to viable Norwegian industry, for instance by offering incentives for the establishment of new activities.

Meanwhile, it is reported that turnover on the Zurich Stock Exchange fell by 12.1 per cent over the first half of this year compared with the corresponding six months of 1977 to June alone. Sw.Frs 50.9bn. In June alone, turnover was lower by almost 20 per cent at Sw.Frs 7.75bn. The number of bargains registered in the first half was down to 123,253, as against 141,130 in January-June 1977.

Adela Investment Company S.A. \$25,000,000 Floating Rate Notes 1983

Notice is given pursuant to Condition 4 (e) of the Terms and Conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the Interest Period from July 11, 1978 to January 11, 1979 is at the annual rate of 10 1/4%. The U.S. Dollar amount to which the holders of Coupon No. 6 will be entitled on duly presenting the same for payment will be \$83,347.2 subject to such amendments thereto (or appropriate alternative arrangements by of adjustment) which we may make without further notice, in the event of an extension or shortening of the above-mentioned Interest Period (f).

BANK OF AMERICA New York (Principal Paying Agent)

July, 1978

DM 40m.

Among other sectors, demand for transmissions has increased, particularly from foreign rail companies, and the relatively new plastics processing machinery section has reached its initial turnover target of

DM 40m.

Competition in the paper machinery construction field was particularly keen, and price differentials were emphasised by the fact that Voith's main European competitors are in coun-

tries such as Finland, Italy and the UK, where lower wages are paid and where government support is available.

Group activities in the water turbine sector have received a recent boost through its partnership in the European-Brazilian Consortium, which has received a letter of intent for 18 units for the largest hydro-electric power station in the world—Itaipu in Brazil.

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## EOE starting new series

AMSTERDAM, July 19.

THE European Options Exchange's July options series will expire after trading on Friday. A new April series for 17 of the 24 stocks traded will start on July 24.

The April series for KLM will not be introduced until July 28 and exercise prices for KLM series will be announced next week. At the same time the three UK options — BP, General Electric and ICI — and three of the US options, Boeing, Occidental Petroleum and Schlumberger, have August/November/February series and are not affected by the July expiry and April introduction, Reuter.

Olivetti sales rise

INCREASES in sales for the first half of this year are announced by Olivetti, the Italian business machines group, reports AP-DJ.

For the half-year group sales were 14.8 per cent higher at lire 648.5bn, while orders rose by 18.8 per cent.

## MEDIUM-TERM CREDITS

## Uruguay raising \$100m

BY FRANCIS GHILIS

URUGUAY'S Central Bank is raising \$100m for 10 years, with four years grace on a spread throughout of 1 1/2 per cent. Lead manager is Citibank and other banks included in the management group are Eulabank, Lloyds Bank International and Bank of Tokyo. This loan will be syndicated among a small group of banks (about 12), in contrast to the privately placed \$45m loan for the Uruguayan state oil company, ANCAP, arranged a few months ago.

The proceeds of the latest loan are earmarked for the financing of the El Palmar hydroelectric project.

The ANCAP loan, which was co-led by Bank of America and Manufacturers Hanover Trust, was for seven years and carried a spread of 1 1/2 per cent over Libor. At the end of last year, Uruguay's total hard currency debt, including non-state guaranteed loans amounted to \$1.3bn, up by \$188m on December 1976 figures.

The state Portuguese electricity company is raising \$10m for six years with three and a half years grace on a spread throughout of 1 1/2 per cent. The loan is being arranged by Kredietbank, Luxembourg, and the borrower has not provided any specific guarantees.

United Arab Realty Company, in Egypt, is raising \$12m for five years on a spread of 1 1/2 per cent throughout. This loan, which is guaranteed by the parent company in Kuwait, is being arranged by three joint managers: Arab African International Bank, Banque d'Indosue, and Arab International Bank.

Port Qasim Authority, in Pakistan, is raising \$5m on a spread believed to be over 2 per cent. Other conditions attached to this loan, which carries a state guarantee and which is being arranged by Amex Bank, are not yet known.

Further, Thailand's Ministry of Finance is raising \$50m for eight years with three years grace and a spread of 4 per cent throughout. Morgan Guaranty Trust is arranging this loan.

The Nippon Credit Bank, Ltd.  
Negotiable Floating Rate U.S. Dollar  
Certificates of Deposit  
Maturity date: 23 October, 1979



In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the three month interest period from 20 July 1978 to 20 October 1978 the Certificates will carry an Interest Rate of 8 1/2% per annum.

Agent Bank  
The Chase Manhattan Bank, N.A.,  
London

U.S. \$125,000,000  
Midland International Financial  
Services B.V.  
(Incorporated with limited liability in the Netherlands)  
Guaranteed Floating Rate Notes 1993  
Guaranteed on a subordinated basis as to payment of principal and interest by:

## Midland Bank Limited

For the six months from  
20th July, 1978 to 22nd January, 1979  
the notes will carry an interest rate of 9 1/2% per annum.  
The interest payable on the relevant interest payment date,  
22nd January, 1979, against coupon No. 1  
will be U.S. \$48.76 per U.S. \$1,000 note.  
Principal Paying Agent  
European-American Bank & Trust Company,  
10 Hanover Square, New York, N.Y. 10005 U.S.A.  
Agent Bank: Morgan Guaranty Trust Company of New York, London

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It does not constitute an invitation to the public to subscribe for or purchase any securities.

## Brazilian Investments S.A.

Sociedade de Investimento

Decreto-Lei No. 1401

(a Company incorporated with limited liability under the laws of the Federative Republic of Brazil)

Placing of 25,400 Depositary Shares  
(Second Series) at an issue price of US\$106 each

The Depositary Shares (Second Series) are represented by International Depositary Receipts Issued by Morgan Guaranty Trust Company of New York, Avenue des Arts 35, Brussels B-1040, Belgium.

The Shares of Cr\$1 each of the Company issued pursuant to the Placing and the Depositary Shares (Second Series) relating thereto have been admitted to the Official List by the Council of The Stock Exchange in London. Following agreement with the Council of The Stock Exchange in connection with this issue, no pre-emptive rights now exist and issues for cash of equity capital, or securities convertible into equity capital, other than to existing holders pro-rata to their holdings, will not be made on terms likely significantly to detract from the value of the interest of such holders.

Particulars relating to the Company and the Depositary Shares (Second Series) are available in the Extel Statistical Service and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 3rd August, 1978 from:

## James Capel &amp; Co.

Winchester House,  
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20th July, 1978

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## NTL FINANCIAL AND COMPANY NEWS

## Toshiba suffers 34% fall in half-year net income

TOKYO, July 19

TOSHIBA, the major Japanese electric appliance and machinery concern, suffered a fall of 34 per cent in net consolidated profit for the fiscal year to March 31. Net income declined to ¥2,368m (\$11.6m) from ¥3,570m in the previous year.

Consolidated sales, however, rose by 9 per cent to ¥150 trillion (million million), equivalent to ¥7.4bn from ¥138 trillion.

For the current year, Toshiba expects consolidated sales to increase about 10 per cent. But it makes no firm prediction on net profit—though it stresses that its efforts are aimed at improving on the ¥2,368m of 1977-1978.

Sales of home electrical apparatus last year were unchanged, at ¥573.52bn, but those of heavy electricals were up 31 per cent to ¥410.09bn, from ¥313.26bn.

Sales of telecommunications and electronics products gained 3 per cent, to ¥326.6bn, from ¥317.9bn.

Exports on the consolidated basis were ¥311.52bn—up 24 per cent from the ¥251.10bn a year earlier. There are 34 consolidated subsidiaries.

Mr. Yoshifumi Kumagai, president of Sumitomo Metal Industries said in Tokyo that

the company is considering increasing its dividend to some extent for the current business year ending next March from ¥3 per share of the preceding year.

Mr. Kumagai did not disclose a specific figure, but said the plan followed a recovery of the steel market.

He said production cuts and higher orders from government and municipal agencies helped the company complete inventory adjustment and bring about an upturn in earnings. Higher export prices caused by the yen's appreciation also contributed to the recovery.

Agencies

## Profits up at New Zealand Insurance

By Our Own Correspondent

THE New Zealand Insurance Company plans a scrip issue for the second successive year, following a 18 per cent rise in profit, from NZ\$7.8m to NZ\$9.2m (U.S.\$10.8m) in the year to May 31.

The dividend is maintained at 20 cents a share, but the final payment of 11 cents will be paid on capital increased by last year's one-for-six scrip issue. The new scrip issue is to be on a one-for-one basis and the directors expect that the dividend will be maintained at the higher capital, provided that the underwriting results are not seriously affected by adverse conditions in any of the company's major territories.

The directors said that the improving trend of the previous two years continued, although conditions in some territories still gave cause for concern. The life assurance premiums written rose by 13.4 per cent and non-life premiums by 6.3 per cent.

The modest increases in the net non-life premiums were associated with a deliberate restriction of growth in Australia and certain other territories.

A short-term underwriting surplus of NZ\$1.89m compared with NZ\$1.4m in 1976-77, represented 1.4 per cent of premiums written, compared with 1.1 per cent in the previous year. Investment income rose 17.5 per cent to NZ\$8.79m.

## Positive indications for CSR

BY JAMES FORTH

SYDNEY, July 19.

THE PROFIT potential of CSR's considerable investments in recent years would not be fully reflected until reasonable and sustained economic growth rates returned and commodity prices improved, Sir James Vernon, the chairman, told shareholders at the annual meeting here today.

Sir James said that as a producer of raw materials for industry, of rural products and of building and construction materials, the group's fortunes would be much influenced by the pace and the extent of recovery in Australian and world economic activity and in international trade. The outlook for a slower growth rate in the Japanese steel industry made the development of markets in other countries increasingly important for CSR's iron ore and coal interests, and some progress had been made in this regard.

Despite the disappointing trend of building activity, there were a few signs that domestic

demand and economic growth might be picking up. Nevertheless, both internationally and in Australia, economic conditions were still far short of buoyant. Sir James added that there were a number of positive indications in respect of the current year: the domestic price of refined sugar had been increased; there would be a full year's profit contribution from the coal and natural gas group, AAR; iron ore sales tonnages were expected to be at least as high as in the previous year; and there was evidence of reductions in the rate of cost increases in some areas of the company's activities.

Prospects for the production of wool, meat and grain had improved and cattle prices had strengthened substantially following the announcement of improved opportunities to sell beef to the U.S.

A surplus of sugar on world markets was exerting downward pressure on prices, which

remained at about 7 U.S. cents a pound compared with the objective of the new International Sugar Agreement (ISA) that prices be brought within a range of 11 to 21 U.S. cents a pound. Delay in ratification of the ISA by the U.S. had also tended to dampen market expectations.

Sir James also announced a letter of intent for CSR's subsidiary, Buchanan Borehole Collieries to supply Kyushu Electric Power Company, of Japan, with 7.5m tonnes of steam coal over 25 years, starting in early 1983. At present prices for steaming coal, the contract would have a value of about A\$190m.

It is the fourth letter of intent announced with Kyushu recently. Oakbridge has agreed to supply 11m tonnes over nine years. Coal and Allied Industries 2m tonnes over 10 years, and White Industries 4m tonnes over 20 years. All the contracts are due to start in 1983.

## Terms reported for Sime S\$475m loan

BY OUR FINANCIAL STAFF

THE eight-year S\$475m syndicated loan for Sime Derby Holdings' wholly owned subsidiary Malaysian Oriental Holdings is divided into 250m ringgits and S\$225m, according to banking sources in Kuala Lumpur.

The S\$100m floating rate, part of the Singapore dollar portion, is said to have been over-subscribed and to carry interest at 1 per cent above the Singapore prime rate, currently 7 per cent, for the first three years and 10 per cent above for the remaining five.

Interest on the S\$75m fixed rate tranche is put at 8.375 per cent, is that on the 75m ringgits Malaysian portion.

The remaining 150m ringgits portion carries interest at 2 per

cent above Malaysian prime, currently 7½ per cent, for the first six years and at 1 per cent above for the remaining two.

The proceeds will be used to purchase 27.4m Consolidated Plantation shares and 25m Kempas Bhd shares from Sime and its subsidiary Seaford Amalgamated Rubber.

Sime earlier said S\$75m of loan proceeds will be used to repay its 10 per cent unsecured loan stock maturing this year.

The share purchase will enable the Sime group to rationalise its cross-holdings, and may also be based on tax considerations, the banking sources suggest.

But they point out there is still no full indication as to what end

purpose the loan proceeds will be put. There has been persistent stock market speculation that Sime is planning a major corporate acquisition, though sources close to Sime have denied rumours of a bid for Guthrie or Harrisons and Crossfield. These two companies and Dunlop Holdings have denied receiving any approach from Sime.

Sime said last week that the redemption of 75m ringgits of loan stock apart, one specific area in which the funds would be employed was property development. It has said that there is no announcement of importance pending.

## Rights issue by Faber Merlin

By Wong Sulong

KUALA LUMPUR, July 19. FABER MERLIN Malaysia, the hotel and property group, is making a one-for-10 rights issue to raise cash to reduce the burden of loan charges.

If the rights issue is fully taken up, it will raise S\$3m ringgits (US\$2.2m), to bring the issued capital to 71.7m ringgits. Part of the money raised would be used to repay short-term loans, and part for working capital.

In the financial year, ending June 1977, the group's charges on loans amounted to S\$7m ringgits, and this largely contributed to the group's operating loss of 1.27m ringgits.

## First half earnings rise for Amatril

By Our Own Correspondent

SYDNEY, July 19. AMATIL, the tobacco, food and packaging group, raised group earnings by 5.3 per cent, from A\$12.7m to A\$13.3m (U.S.\$15.3m) in the six months to April 30. The gain compares with a sales increase of 13.4 per cent to A\$495m (U.S.\$668m).

The directors pointed out that if the results for the first half of 1977-78 had been adjusted to reflect increased company tax rates the group earnings would have been up by 11.2 per cent.

The directors said that the printing and packaging, snack foods and poultry divisions showed useful increases in earnings. They added that a large part of the profit increase was due to an improved result in the meat division.

Profits of the other major operating divisions—tobacco products and soft drinks—were slightly lower, in contrast with the first half of the previous year, when these activities were largely responsible for a 74 per cent increase in earnings.

The interim dividend is held at 8 cents a share. British-American Tobacco of the UK has a large shareholding in Amatril.

## Currency Money and Gold Markets

## Pound firmer in thin trading

Activity in yesterday's foreign exchange market remained subdued in the wake of the Bonn summit. Sterling improved in generally thin trading and was boosted further in late London trading with good demand for sterling developing in New York. The pound opened at 1.4800, up from 1.4780, and closed at 1.4810, up from 1.4790. The dollar was fixed at DM 2.0615 compared with DM 2.0651 at the previous fixing. Trading was extremely quiet with little in the way of fresh factors to influence the market. Near the close of trading, the U.S. currency stood at DM 2.0607 showing very little change. Against 20 other currencies, the Bundesbank trade-weighted mark revaluation index was unchanged at 145.3.

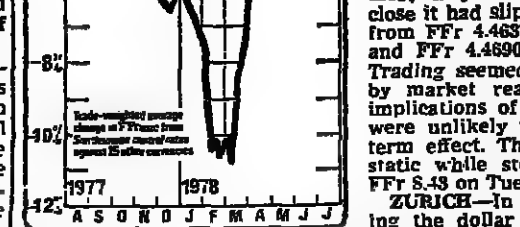
PARIS—In generally quiet trading, the dollar lost ground against most major currencies. At the close it had slipped to FF 4.875 from 4.880, and was trading at FF 4.870 on Tuesday. Trading seemed to be influenced by market realisations that the implications of the Bonn summit were unlikely to have any short-term effect. The Franc remained static while sterling eased from FF 5.49 on Tuesday to FF 5.4253.

STOCKS—In very subdued trading, the dollar improved slightly. The market seemed to be in some doubt as to exactly what should happen in the wake of the Bonn summit and most people were unwilling to commit themselves. At mid-morning the dollar was quoted at SwFr 1.8215.

Following on the dollar's weak performance in Japan, the U.S. currency opened sharply lower against the Yen. From Tuesday's fixing of 1.948, it fell to 1.947 compared with 1.949 in last trading on Tuesday.

AMSTERDAM—The dollar was quoted at Fl 2.225, slightly weaker than the previous fixing of Fl 2.227, in later trading it fell to Fl 2.223.

TOKYO—The dollar finished above its worst levels but still down from Tuesday at ¥207.50 from ¥207.15. At one point, during the early part of the day it had touched ¥207.00. The dollar's weakness was mainly attributable to Japan's sluggish trade surplus and conditions generally unsettled. The volume of business was moderate at ¥42m in spot turnover while combined forward and swap trading accounted for ¥733m.



near to the close of business where it finally finished at 1.945-1.946, a rise of 1.5¢ and its best closing level since late March. Using Bank of England figures, its trade weighted index improved to 62.2 from 62.0 having stood at 62.1 at noon and 62.2 in the morning.

Despite some sailing reported out of Germany, sterling's undertone remained steady ahead of today's money supply figures, which are expected to show a downturn in monetary growth.

Activity in the New York market pushed the dollar weaker, nearby against the stronger currencies. However, in this and erratic trading, the pound gave up some of its earlier gains to 1.4790-1.4800. At one point, during the early part of the day it had touched 1.4780. The dollar's weakness was mainly attributable to Japan's sluggish trade surplus and conditions generally unsettled. The volume of business was moderate at ¥42m in spot turnover while combined forward and swap trading accounted for ¥733m.

## EXCHANGE CROSS-RATES

July 19	Pound Sterling	G.I. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canadian Dollar	Belgian Franc
Pound Sterling	1.000	1.995	4.908	360.0	4.490	3.485	4.315	160.4	2.335	61.45
U.S. Dollar	0.502	1.000	2.461	360.0	4.490	3.485	4.315	160.4	2.335	61.45
Deutsche Mark	0.201	0.402	1.000	360.0	4.490	3.485	4.315	160.4	2.335	61.45
Japanese Yen	0.0028	0.0056	0.0028	1.000	4.490	3.485	4.315	160.4	2.335	61.45
French Franc	0.223	0.446	0.223	0.223	1.000	3.485	4.315	160.4	2.335	61.45
Swiss Franc	0.293	0.586	0.293	0.293	0.293	1.000	4.315	160.4	2.335	61.45
Dutch Guilder	0.233	0.466	0.233	0.233	0.233	0.233	1.000	160.4	2.335	61.45
Italian Lira	0.016	0.032	0.016	0.016	0.016	0.016	0.016	1.000	2.335	61.45
Canadian Dollar	0.715	1.430	0.715	0.715	0.715	0.715	0.715	0.715	1.000	2.335
Belgian Franc	0.016	0.032	0.016	0.016	0.016	0.016	0.016	0.016	0.016	1.000

## EURO-CURRENCY INTEREST RATES\*

July 19	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
180-day term	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
3-month term	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
6-month term	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
12-month term	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%

\* The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.25 per cent; three months 8.00-8.25 per cent; six months 8.00-8.25 per cent; one year 8.00-8.25 per cent. Long-term Eurodollar deposits: two years 9.00-9.25 per cent; three years 9.00-9.25 per cent; four years 9.00-9.25 per cent; five years 9.00-9.25 per cent. \* Rates are nominal rates for call for sterling, U.S. dollars and Canadian dollars; two-day notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

## INTERNATIONAL MONEY MARKET

## No Fed tightening yet

There was no sign of further Fed tightening in the money market following the monthly meeting of the Federal open market committee this week. Fears that the committee would indicate an increase in the target rate and a move to tighten the money market were not realised, when the Federal Reserve announced late on Tuesday that it would make overnight repurchases of \$100m of Treasury bills in this way the Fed injected temporary liquidity into the banking system by buying securities from dealers for resale at a later date.

At the time of the announcement federal funds were trading at 7½ per cent, compared with the Fed rate of 7 per cent. The money market rose slightly to 3.10 per cent from 3 per cent. The Belgian franc fell below its minimum permitted level against the Deutsche Mark within the European currency snake again.

Deposit rates for the Belgian franc (commercial) were 5½ per cent against 5¼ per cent.

but this was of little significance, as the market was already tight. The money market was tight for banks, when rates tend to be rather volatile. The publication of money supply figures today will be watched with great interest, but following this week's action by the Fed, Treasury bill rates were easier. Rates for 13-week bills fell to 7.08 per cent from 7.12 per cent yesterday, with 26-week bills reduced to 7.46 per cent from 7.49 per cent, and one-year bills to 7.77 per cent from 7.80 per cent.

BRUSSELS—Central bank discount and Lombard rates were unchanged at 4½ per cent following yesterday's board meeting. The 4½ per cent rate in the money market rose slightly to 3.10 per cent from 3 per cent. The Belgian franc fell below its minimum permitted level against the Deutsche Mark within the European currency snake again.

Deposit rates for the Belgian franc (commercial) were 5½ per cent against 5¼ per cent.

## GOLD

## Stronger trend

Gold improved \$1 an ounce in the London bullion market yesterday to \$181.186. Trading was very subdued and the metal opened at \$180.584, before being fixed at \$181.186 in the morning and \$181.186 in the afternoon. Yesterday's third J.S. gold auction seemed to have

July 19	July 18
Gold Bullion in fine ounces	\$181.186
Gold Bullion in 100g bars	\$181.186
Gold Bullion in 1kg bars	\$181.186
Gold Bullion in 10kg bars	\$181.186
Gold Bullion in 100kg bars	\$181.186
Gold Bullion in 1000kg bars	\$181.186

Little effect on the market and the average price per ounce at the auction was \$181.186.

In Paris the 12½ kilo bar was fixed at Fr26,850 per kilo (\$187.10 per ounce), compared with Fr26,850 (\$187.10) in the morning and Fr26,850 (\$187.10) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM12,300 per kilo (\$185.58 per ounce) compared with DM12,300 (\$185.58) previously.

## MONEY RATES

## NEW YORK

Prime Rate	7.25%
Fed Funds	7.25%
Treasury Bills (13-week)	7.25%
Treasury Bills (28-week)	7.25%

## GERMANY

Discount Rate	5%
Overnight	3.5%
One month	3.5%
Three months	3.5%
Six months	3.5%

## FRANCE

Discount Rate	5%
Overnight	3.5%
One month	3.5%
Three months	3.5%
Six months	3.5%

## JAPAN

Discount Rate	4.5%
Overnight	3.5%
One month	3.5%
Three months	3.5%
Six months	3.5%

## BILLS DISCOUNT RATE

13-week	7.25%
28-week	7.25%

## JULY 19 1978

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Thursday July 20 1978

Aiming  
at a  
wider  
market

By Terry Dodsworth

DURING THE last two years, there has been an extensive effort to remodel the light commercial vehicles marketed by the leading European commercial vehicle manufacturers. This product activity is partly the result of the normal replacement cycle. But there is also a deeper commercial reason for the change. The new vehicles are to a large degree, a response by European companies to the development of an international market in this range of products. They have been aiming to design vans which appeal throughout the EEC and the rest of Western Europe and which can meet common needs rather than particular local requirements.

This approach is not entirely new. There have been signs of it for about a decade. But it remains true that the trend in product development has accelerated rapidly within the last two years, leading to vehicles which have a great deal of similarity in styling and design characteristics. In the past, European van markets have been extremely idiosyncratic, with vehicles designed and sold mainly within national boundaries—to some degree, the French position remains like this to this day. But the economics of production are pushing producers towards the larger volumes and the more widespread markets which are already a common characteristic of the car sector.

In addition, vans are being treated increasingly as significant parts in a manufacturer's range. They give the dealer networks a wider spread of activity, and, in Britain, at least, help to appeal to fleet buyers who are interested in products for a wide range of needs. In this respect they can give a boost to a franchise, helping to increase unit throughput in the

dealer outlets, which is such an important element in the business today.

For the producers, the profit benefits from the van sector are not always so clear. Because of the smaller volumes involved, and the fact that the vehicles are utility products with little leeway for manoeuvre on prices, it is easy to lose money. At the same time, van production can cut into much-needed capacity and time on the car lines: even if the vehicle has a unique shape, it is likely to use some components which go into a car, and which will, in many cases, be first used to keep the car lines going if there is any problem in production.

But although van manufacturing can cause clear problems to the producers, most of them minimise the risks by making as much of the vehicle as possible common to cars and other products. All of the car-derived cars fall into this category—even the Vauxhall HA van, which is now quite distinctive in its range, derives its shape from the original, now-discontinued, HA Viva. Higher up the range, the small panel vans look quite unique. But they generally have engines and some other drive-train components drawn from elsewhere in a company's range.

This commonality of parts declines the further that the products move away from motor cars. In the very small-weight vehicles, there are very few purpose-designed vans. They are taken from cars modified. In the smaller panel van range of up to 3.5 tonnes gross vehicle weight (the weight above which owners must have an operator's licence), more parts have to be designed solely for the vehicle. And above this, section in the range up to 7.5 tonnes (at which

## REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN THE UNITED KINGDOM BY MANUFACTURER

Manufacturer	Car-derived vans and pickups				Other vans				Light 4 x 4 vehicles			
	June 1978	June 1977	June 1978	June 1977	June 1978	June 1977	June 1978	June 1977	June 1978	June 1977	June 1978	June 1977
<b>BRITISH</b>												
Bedford	1,300	1,349	9,034	8,862	1,230	1,168	6,338	7,354	878	843	3,082	3,999
British Leyland	2,383	1,708	13,896	11,095	1,463	1,082	8,807	8,719				
Chrysler					689	378	3,491	2,837				
Ford	1,376	1,429	8,114	8,381	3,858	2,971	20,296	19,305				
Others	16	31	85	100	2	9	34	26				
<b>Total British</b>	<b>5,275</b>	<b>4,507</b>	<b>31,129</b>	<b>29,418</b>	<b>7,239</b>	<b>5,809</b>	<b>38,936</b>	<b>36,721</b>	<b>878</b>	<b>843</b>	<b>3,082</b>	<b>3,999</b>
<b>IMPORTED</b>												
Chrysler (France)	340	289	2,188	2,275								
Citroen (France)	1	1	16	42								
Peugeot (France)	61	—	310	—	22	7	101	70				
Renault (France)	130	124	993	876								
Mercedes-Benz (Germany)					125	135	857	797				
Volkswagen (Germany)					707	440	4,378	3,733				
Fiat (Italy)					199	198	1,278	961				
Daihatsu (Japan)									55	—	201	—
Datsun (Japan)	244	151	1,917	788	420	204	2,349	1,010				
Honda (Japan)	131	215	1,466	1,284	56	—	56	—				
Mazda (Japan)					207	118	1,297	753				
Toyota (Japan)	29	78	260	273	366	181	2,913	1,016				
Ford (Spain)	514	—	1,283	—								
Jeep (U.S.)									19	—	61	—
Others	11	4	24	58	9	—	24	47	6	—	19	—
<b>Total Imported</b>	<b>1,461</b>	<b>863</b>	<b>8,426</b>	<b>5,393</b>	<b>2,111</b>	<b>1,280</b>	<b>13,263</b>	<b>7,387</b>	<b>71</b>	<b>4</b>	<b>282</b>	<b>76</b>
<b>GRAND TOTAL</b>	<b>6,736</b>	<b>5,370</b>	<b>39,555</b>	<b>35,011</b>	<b>9,350</b>	<b>6,589</b>	<b>52,219</b>	<b>44,118</b>	<b>949</b>	<b>847</b>	<b>3,364</b>	<b>4,075</b>

point operators must have a heavy goods licence) designs are more closely related to trucks proper.

The main product activity recently has been in the middle area of specially-designed vans of around 3.5 tonnes. This sector has, within Europe, embraced a completely new vehicle from Mercedes to replace its long-running Bremen model, a vehicle from Iveco, the Fiat subsidiary, and a remodelling of the Ford Transit. In addition, this series of products was preceded by the Volkswagen

LT range which has made a considerable impact in West Germany already and is a car, and towards giving customers the choice of either a diesel or petrol engine.

The other sectors of the light commercial market are by no means so easily defined. In the very light vans area the vehicles tend to be hybrid, owing a great deal to the cars on which they are based. They therefore offer a quite wide variety of load-carrying capacity in either pick-up or van form. But at the same time, the sector embraces such as the small Honda

towards making the vehicles special purpose-built vehicles

drive as much as possible like an

Higher up the range, in the

area covering vehicles of

between 3.5 and 7.5 tonnes,

manufacturers have again found

it difficult to fix on a precise

market need and method of

approach. The trouble in this

sector is that customers can

quite often answer their needs

for carrying loads of these

weights by running a truck

designed basically for some-

thing or van form. But at the same

time, the sector embraces

scaling up a smaller vehicle

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Part of this growth is due to

the natural expansion which

has gone on in the imported

vehicle franchises during the

last year. This growth, on the

car side, has provided the base

to move into light commercial

vehicles which the networks

are now large enough to sup-

port.

But it also owes a great deal

to the furore over Japanese ex-

ports, which has virtually

forced the Japanese importers

to look for new fields of growth

away from cars. Real expansion

by the Japanese began in the

van sector about two years ago,

and it has grown rapidly since

then as the pressure to reduce

car sales increased.

The Japanese producers also

have a highly suitable range of

products for this sector, with a

number of vehicles derived

from cars, but a substantial

proportion of specially-designed

pick-ups and vans which have

been aimed in increasing

numbers during the last decade

at their export markets in the

U.S. and Middle East. These

products have now been brought

into Europe, where the pick-up

market had gone into decline,

and immediately shown that

there remains a substantial

latent demand for them.

In the U.K. this Japanese

growth looks like being brought

to a halt by the new agreement

on limiting shipments from

Japan. This deal has been

arranged to cover light com-

mercial vehicles as well as cars

for the rest of this year, and

there is a clear possibility that

it will be extended into next

year as well.

The Japanese interest in this

sector in Europe, however, is

unlikely to wane. As the new

products from European pro-

ducers have demonstrated, the

market for light vehicles,

reckoned to account for around

two-thirds of total commercial

vehicle sales, remains an im-

portant one. It is also one

which may well grow if Europe

follows the example of the U.S.

where light commercial vehicles

have been the most buoyant

sector of the total vehicle

market in the last few years.

In the U.S., this has involved

a great deal of development of

the product into leisure vehicles

which are as easy and as

comfortable to drive as cars.

European manufacturers have

been going the same way with

their latest developments, and

are clearly manoeuvring them-

selves into a position where

they can take advantage of a

repetition of this market trend

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# Battle for the medium range

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THE BIGGEST encroachment by the importers in the UK commercial vehicle market during the last year has unquestionably been in the medium van sector. In this area, covering vehicles which are not derived from cars, but which weigh under 3.5 tonnes, the importers have pushed up their sales in the first six months of the year from 7,387 units to 13,263 to chalk up an extraordinary increase of almost 80 per cent. By contrast, British sales, at 39,936 vehicles, went up by only 6 per cent.

The surprising feature of this change is that the UK manufacturers themselves are strong competitors in this sector. Indeed, in many ways they have had a more significant influence on the way European producers design their vans than any other manufacturers in the region. The Ford Transit van, launched in 1965, and followed by the Bedford CF, Chrysler PB and RL Sherpa, set a trend in styling and general design which is now being copied throughout the industry.

This year, however, both Ford and Bedford among the British manufacturers have suffered more than usual from the now familiar production shortages which plague the UK industry. Ford's Transit was hit hard early in the year by the long-running strike at Halewood, Liverpool, which deprived its production lines in Southampton of the floor pans on which the vehicles are built.

Bedford, while also having to recover from the effects of a serious dispute in the latter part of last year, has been trying to keep up with growing Continental demand, thus reducing its sales potential in the UK. The burden of competing with importers has thus fallen on BL and Chrysler, neither of which has been able to raise production sufficiently to match demand.

The net result of this situation is that Ford, the market leader, sold only 991 more vans this year than in 1977, a rise of only 5 per cent in a period when the overall market was up by 18 per cent. Bedford sales actually dropped, from

7,854 units to 6,338 during the first six months, although there were signs that the situation was improving during June.

Bedford's decline has given BL the opportunity to climb into second place in this market, and in the first six months it registered 8,307 units of its Sherpa van. This represented a very substantial improvement of 31 per cent over the record in the same period of 1977, indicating the growing popularity of the Sherpa. And Chrysler also managed an encouraging 23 per cent improvement, with sales up from 2,827 vehicles a year ago to 3,491.

## Overseas

In overseas markets, the UK companies have made up a lot of the leeway lost in Britain. Bedford, for example, following its new drive into the Continent, has raised shipments this year by more than 25 per cent. In Italy, its sales have gone up to 6,300 units in the first six months of this year, an increase of 34 per cent, and in Germany, one of the most difficult markets to crack, they have expanded by almost 30 per cent to reach 2,777 units in the same period.

Bedford's position has been improved by the development of its Portuguese plant in a capacity of about 14,000 units of its CF range a year. Parts are still shipped out from the UK for the van, but following the expansion, Portugal has been given sole responsibility for supplying the Italian market. This will have the effect of easing the pressure on the UK lines for the van, and should help the company in its attack on other European markets.

Ford, similarly, has been juggling with its European resources in order to increase output of its Transit range.

Total capacity now stands at well over 130,000 units a year, with the majority being made in Southampton and 55 a day at the Genk plant in Amsterdam. Genk (which had its first strike in many years a few months ago) now builds the standard Transits so that

Southampton can concentrate on the more complex vehicles.

The Transit appears to be selling well in the new cab form which was recently introduced, some 12 years after the original was produced.

BL's Sherpa van, made by the Austin-Morris division of the group, has aimed for a somewhat different niche of the market than the Transit. It is a narrower vehicle, and lighter, not going up to the full 3.5-tonne mark, but it had proved popular for certain kinds of urban delivery work in confined streets, and also for conversions, presumably because of its ease of manoeuvre.

BL is also well represented in the area between 3.5 tonnes and 7.5 tonnes having inherited two vehicles in this category—the FG and EA vans—from the old BMC plant at Bathgate. This factory is now run by the Leyland Vehicles division, which is now in the process of rationalising and modernising its range.

Chrysler similarly has a range of vans in this sector which it is known to be redesigning at present. The intention is to produce a vehicle which can be sold in either a panel van or chassis-cab configuration, but in the meantime it is still selling its Walk-Thru van, rated at between 3.4 and 5.8 tonnes gross vehicle weight, and its Spacevan, with a payload of about 2 tonnes.

The problem with vehicles in this sector is to generate sufficient volume to make them pay. This is why, in the next generation of European vehicles, manufacturers are likely to trim their ranges and have a smaller number of basic models which can be stretched or reduced in size. This is also why it is important to have designs which can be exported and which can therefore help to provide the extra volume.

This export philosophy has been clearly visible in Britain during the last year or two, in a period when a wide variety of foreign manufacturers have

flooded into the medium van and pickup market. From Europe, Mercedes, Fiat and Volkswagen have all made quite an impact in the past six months. Mercedes, selling its range of Bremen (2.5 tonnes to 3.5 tonnes) and Dusseldorf vehicles (3.5 tonnes to 6.5 tonnes) has lifted sales from 797 units to 857; Fiat's have gone up from 961 to 1,278; and Volkswagen's combination of its Type 2 panel van (up to 2.5 tonnes) and LT van (2.5 to 3.5 tonnes), have helped raise sales from 2,733 units a year ago to 4,378.

The Japanese expansion has relied more on tackling sectors of the market neglected by the British or Continental producers. Mazda, for example, has carved out a niche with its 1 ton payload pickup which is a completely separate design from anything in its car range, and comes with a chassis on which a variety of body work shapes can be built.

Toyota has also pursued the pickup market with its own

Hi-Lux vehicle, which was derived originally from one of its cars, but which now has a separate life of its own. The Hi-Ace van is aimed more directly at the UK panel van competitors, but has been sold with a high standard of equipment which has made it ideal for caravan conversions. And Datsun has also pursued the 1 ton pickup market, along with the light chassis cab sector with its Cabstar range, increasing sales this year from 1,010 units to 2,349.

In the second half of this year, the British manufacturers expect to do rather better than they did in the first six months, mainly because supply should have improved. But they are clearly going to face stiff competition. The Japanese will be operating under a policy of restraint. The time when national manufacturers could sit comfortably on their own domestic markets now seems to have disappeared.

Terry Dodsworth

## Smaller vehicles

IN COMMON with the rest of the commercial vehicle market in Britain this year, sales of small car-derived vans and pickups have expanded rapidly. Total registrations during the first half of 1978 were up by about 5,000 units from 35,000 in 1977 to 40,000, giving an increase of 14 per cent. Like the boom which is going on in car sales, there is no easy explanation for this increase. But it seems that many users have come to a point in the replacement cycle where they have been forced to buy new equipment, while this trend has undoubtedly been reinforced by the improvement in disposable incomes and the greater stability of prices this year.

Only a very few of these extra sales, however, have ended up in the hands of the British manufacturers. Overall, their registrations have gone up by only 5.8 per cent from 38,418 units to 40,418 in the first six months.

The decline of the UK manufacturers' position is undoubtedly connected to some extent to changes in dealer organisations. In the car industry there has been shown to be a positive correlation in the reduction of the UK manufacturers' networks and the fall in British-produced car sales. Similarly, imported vehicle sales have risen in line with the expansion of dealer networks.

Since car-derived vans and pickups are distributed alongside cars, and since many of these organisations have been adding them to their model ranges, there has been an inevitable swing towards the importers: they now control 21 per cent of the market compared with 8.6 per cent three years ago.

Among the UK producers, Ford has done particularly badly this year, with sales of its UK-produced products falling from 9,381 units to 8,114. The main reason for this has

been poor production of its Escort van, which was particularly hard-hit by the long-running strike at its Halewood plant in Liverpool earlier this year.

Partly because of the challenge from foreign producers in the van market, Ford has also decided to make a version of its Fiesta model.

This was a somewhat controversial decision, which has nevertheless broadened the company's representation and helped to win some extra sales. At the same time, however, it has also meant increasing imports, since a number of these vehicles are brought in from Ford's associate plants in Spain: by June of this year, Ford had imported 1,283 of these vans, swelling its total sales in the UK to 9,397 vehicles, slightly ahead of Bedford.

Chrysler, another of the American multinationals, also degree, though not their market

CONTINUED ON NEXT PAGE

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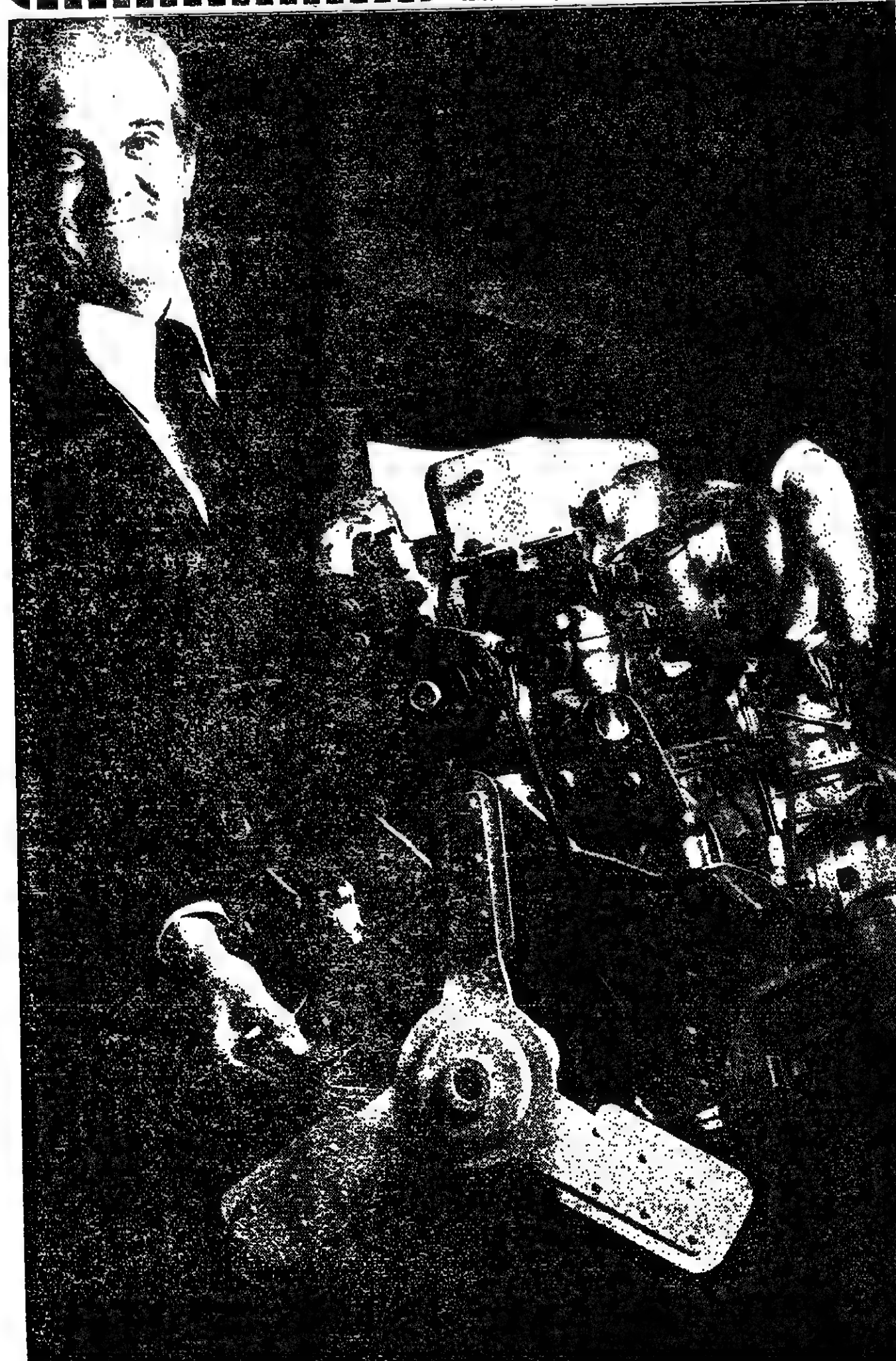
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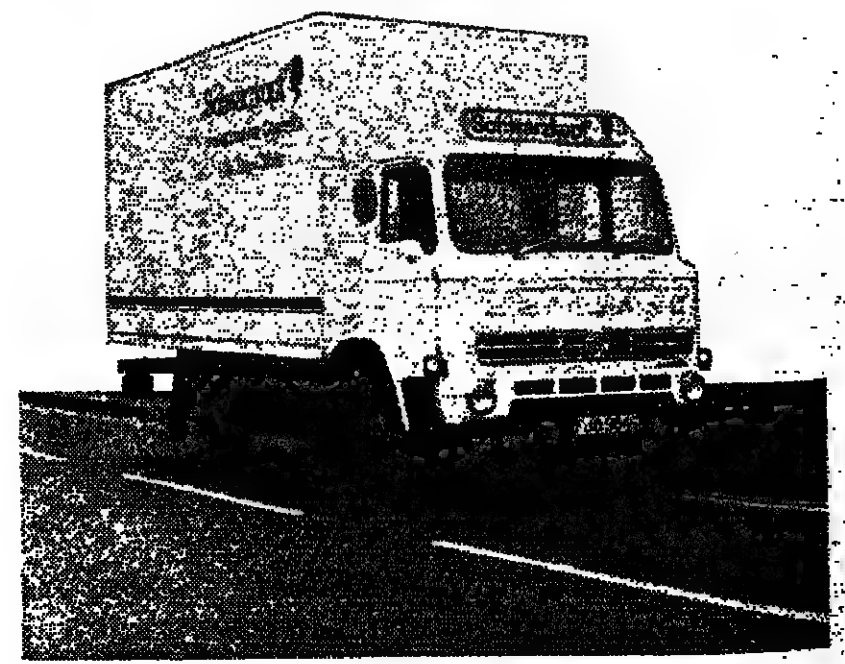
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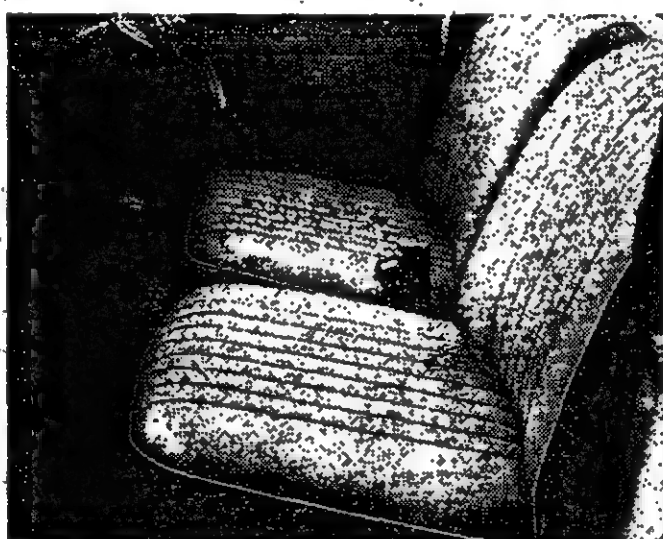
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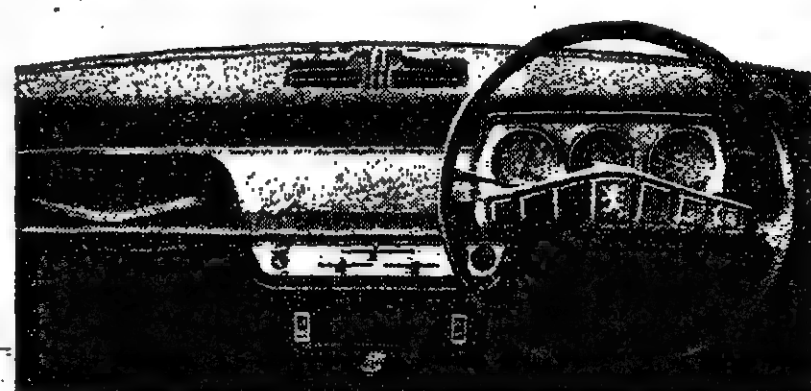


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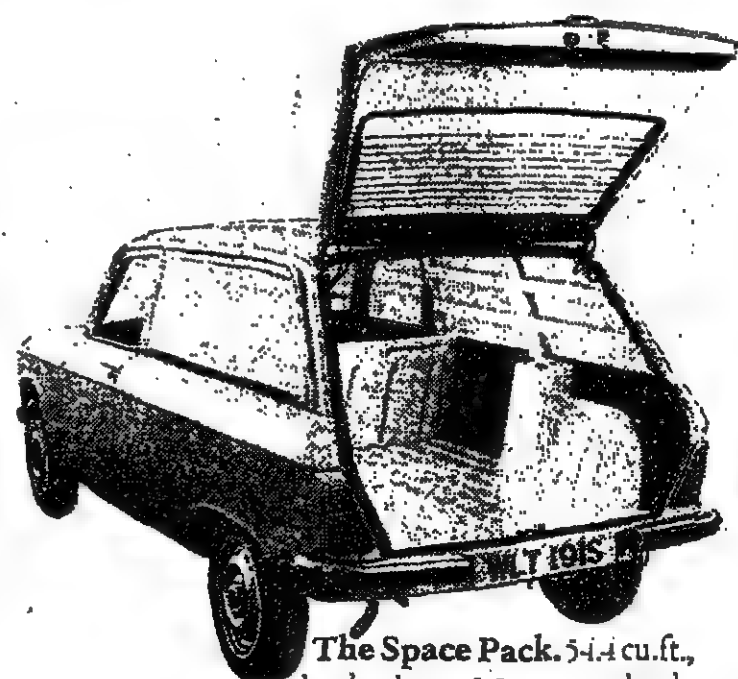
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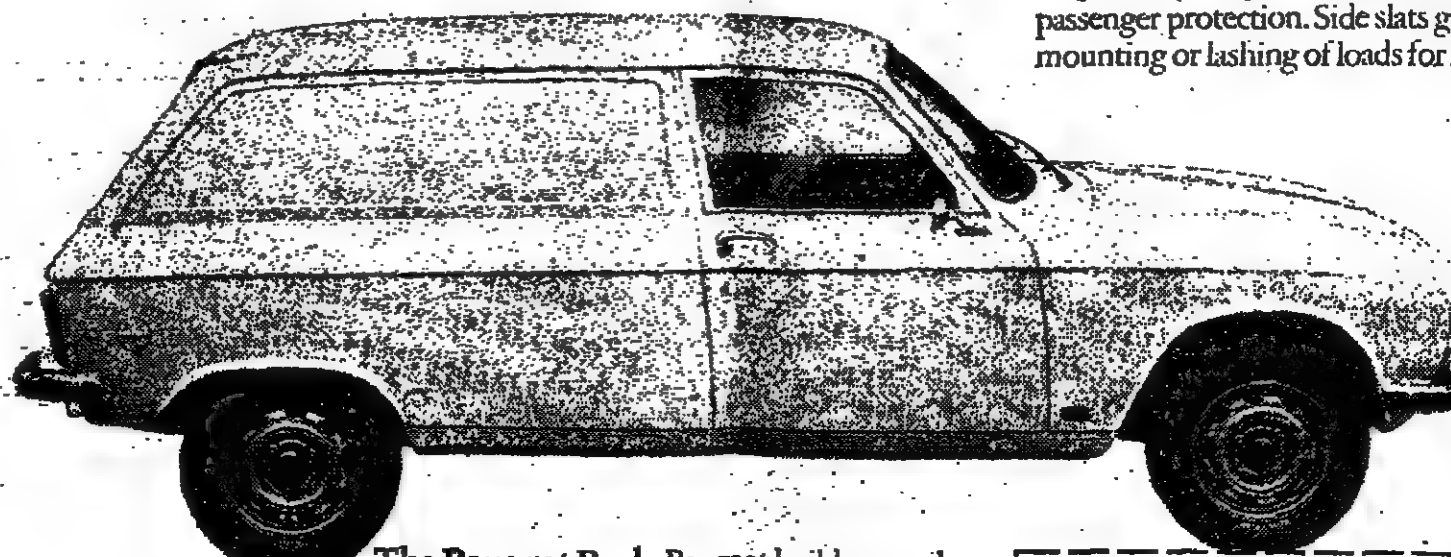
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## Smaller

:CONTINUED FROM PREVIOUS PAGE

ares. BL has benefited from the improvement in supply this year which has come from better production of its well-loved Mini and Marina van range to raise sales from 11,095 in 1982 to 13,838; while Bedford has added its appeal in this area by adding the Chevette-derived van to its long-running HA model to push registrations up from 8,862 to 9,034.

the two manufacturers. However, have been able to make only a partial response to the rising demand this year. At the same time, they are early finding it difficult to defend the British position with only a limited range of products. Importers have brought to the market a variety of choice which is now lacking from the UK producers alone. Comparing the position today, for example, with four years ago, in a period when BL's sales were declined by about 30 per cent, the number of importers has doubled from four to eight. The main newcomers are, of course, the Japanese, who have three companies—Datsun, Honda and Toyota—competing in this category of the market. Last year, they had a spectacular success in Britain. Datsun's sales rose from 1,384 to 2,132, Honda's from 49 to 2,957, and Toyota's from 73 to 563, the increases arising from the switch in its policy towards commercial vehicles because of the voluntary restraint being exercised by their car sales.

provement has been repeated. In the first six months of the year, Datsun's sales went up from 727 units to 1,917, Honda's from 1,267 to 1,465, and Toyota's rose virtually level. What the Japanese have done is to close a gap which was clearly not being properly dealt with by domestic manufacturers, who in

recent years have seemed less and less interested in this utilitarian sector of the small vehicle market: the Datsun Sunny van has proved a stylish competitor, and the Honda TN308 panel van, which is an extremely tiny version of the standard European product, have appealed to a limited, but still neglected part of the market which needed suitable urban run-arounds.

The success of the Japanese in the UK has been largely due to their trouble with it in the longer term. Vans have now been taken unequivocally into the agreement between the Japanese and British Governments which will permit shipments of vehicles to the UK this year to the same number as in 1977. Thus, the greater which the Japanese market has been experiencing is set to come to a shuddering halt. But the Japanese have clearly proved that they can sell products in this area if they are given the opportunity and they have now established the dealer networks which are ready to start selling once again as soon as the present agreement

Other foreign manufacturers which have moved into this field compared with four years ago are the two French companies, Renault and Peugeot. Renault has improved its sales from 576 last year to 973 in the first six months of this year, while Peugeot has just introduced its 304 van, of which it has sold 316 so far.

Another competitor is due to appear shortly in this area from Polski Fiat, which is introducing a pickup based on the 25P car model which has been selling in the U.S. the past few years. The Polski product is being imported by the same parent company as Mazda, the Japanese manufacturer.

T.D.



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IT HAS BEEN clear for the last two years that the Japanese assault on the European car market was being followed by an equally strong drive into the light commercial vehicle sector. Sales of the Japanese product have expanded rapidly in this period, not only in the UK where there has been vociferous political opposition to the trend, but also in the other European markets where the Japanese car producers have established themselves. This is particularly the case in the European countries where there is no domestic manufacturing operation.

The best markets for the Japanese have been unquestionably in these peripheral geographical areas. These include Belgium, where Japanese vehicles have almost 9 per cent of the medium van market, Denmark (12.5 per cent), Finland (almost 21 per cent), Ireland (about 6 per cent), the Netherlands (5.5 per cent), Norway (25.5 per cent), Sweden (about 15 per cent) and Switzerland (12 per cent).

The Japanese strength derives from three basic factors. First, they have by now established very strong dealer networks in all of these countries, which provide the base for light commercial distribution as well. The dealers do not need

a great deal of extra investment in order to tackle this sector, unlike in the heavier commercial vehicles area, and many of them want the additional product in order to maintain their rate of expansion as car sales reach a natural plateau.

Second, the Japanese commercial vehicle products, as their cars, proved to be reliable, well-finished, in good supply and reasonably priced. In many cases, the Japanese have followed the policy which helped them to break into the car market, providing plenty of extras, such as radios in the basic vehicles, which give an additional value to products which were already reasonably priced.

Third, the Japanese producers have provided a very wide range of vehicles which have given Europeans a much greater area of choice than was available a few years ago. Indeed, they have demonstrated that there was a great deal of latent demand which was not being satisfied by locally manufactured vehicles, which have undergone a process of fairly radical rationalisation in recent years.

In the last decade it is probably true to say that the Japanese have become the strongest manufacturers of light commercial vehicles in the

world. They make more purpose-built vans and pickups than are produced in Europe, and benefit from widespread export sales to create the volume to make this a practical and profitable area. At the same time, their wide range of utilitarian cars adapt well to commercial uses.

In the pickup sector in particular, the Japanese have delivered a strong push in Europe. Their position in this sector is based on a strong product range. This was developed partly for export sales in the U.S., where pickups have enjoyed a period of great popularity in recent years, along with other overseas markets such as the Middle East where the climate is ideal for open vehicles.

Mazda, Toyota and Datsun all sell pickups of this kind in Europe, aiming their sales particularly at the small businessman—the vehicles are well adapted to the needs of people in the building trade.

Lower down the weight scales, Honda has found a similar, equally untapped market demand, for its small TN 506 panel van. This vehicle is small enough to compete more or less directly with other car-derived vans, although it is purpose built and offers a higher roof space than anything that is com-

ventionally adapted from a car.

Both Nissan, the Datsun manufacturer, and Toyota, the largest of the Japanese producers, also produce vehicles based on their cars. For Datsun, this is a version of the Sunny, its medium-sized family saloon, which adapts into quite an elegant van. Toyota bases its own on the similar-sized Corolla model, which is reckoned to be the best-selling car in the world. The van has a payload of 9.5 cwt.

Higher up the weight range, for loads of about 1 tonne, Toyota has also done well with its HiAce vehicle, which was remodelled in the middle of last year. This has the cab-over-engine design which European manufacturers tend to try to avoid these days in favour of a short bonnet for access to the engine. But it has, nevertheless, won steady acclaim, and is popular for motor caravan modifications.

## Setback

The Japanese are also beginning to move into the European four-wheel-drive market, a sector of the industry which could grow rapidly if Europe follows the pattern of the U.S. in the UK, they have suffered a serious setback in this area with the failure of the Toyota Landcruiser to catch on. Elsewhere in the world, the Landcruiser has proved a serious competitor to the Land-Rover range because of its cheaper price, but in the home of the Land-Rover it failed dramatically to make any impact. But now a new challenge is emerging from Daihatsu.

Daihatsu, one of the smaller Japanese motor companies (though it is loosely connected with Toyota), makes a small, utilitarian four-wheel-drive vehicle which is being imported and marketed in Britain alongside the American Motors Jeep range by a company established by TKM. The initial response to the vehicle seems to have been favourable—it has captured 201 sales in the last three months—and it has served to emphasise what a rich range of

products the Japanese industry has at its fingertips.

There have been increasing indications in the past few months that some Japanese manufacturers would like to expand beyond these lighter weight ranges into other areas of the commercial vehicle market. Hino, for example, already markets some larger vehicles in Europe. And in Britain, Mitsubishi's importers, Colt Cars, has talked of selling the Canter range—light trucks, which start at the 5.5 tonnes mark.

Colt is now looking at possible sites to assemble these vehicles in Britain. Feelers have been put out to both local authorities and the Government, and the company has suggested quite high levels of local British content in the vehicles as a bait to win approval. But whether the scheme can get off the ground in the current climate of distrust about the Japanese intentions is another matter.

In any case, in Britain at least, if not in the rest of Europe, the expansion of the Japanese van manufacturers is now being brought to a sharp halt by Government pressures. Vans were included in the agreement made in March this year in which the Japanese Ministry of International Trade and Industry undertook to regulate shipments of vehicles to the UK to the same level as last year. This will inevitably have its effect, in due course, on sales, though whether the importers will be hit by a more prolonged limitation again next year is by no means clear.

What is clear, however, is that the Japanese have now become a force to be reckoned with in the European light commercial market and can never be treated lightly again. These kind of vehicles have taken their share of the total West European van and truck market from about 2.0 per cent in 1975 to well over 3.0 per cent last year. That makes them, as a group, one of the more significant forces in the European industry.

T.D.

## Growth in conversions

ALTHOUGH THE market for motor caravans has yet to recover fully from the recession, demand has improved considerably this year and most manufacturers are optimistic that this trend will continue.

An indication of this improvement is the recently announced decision by Volkswagen to appoint three other converters for its vehicles in addition to Devon Converters, which has been the sole company fulfilling this role since 1973. Devon is, however, expected to remain the largest converter.

Volkswagen, which now aims to reverse the decline in its share of the total British market, believes that by offering a wider range of conversions it can become more competitive.

The company's UK representatives estimate that Volkswagen now holds around 22 per cent of the market, compared with between 20 and 40 per cent before 1973. Of a total of 8,000 units which it estimates will be sold in the UK next year, its target is 2,500, which would capture around 40 per cent of sales.

In the first five months of this year sales of motor caravans reached about 2,300, an increase of around 20 per cent on last year and it is reckoned that the total for the year will be between 4,000 and 4,500.

But the overall change in the market is well illustrated by the fact that Volkswagen alone sold 9,300 units in 1972 and 8,000 in 1973. The oil crisis and recession in Britain hit this sector of the vehicle market very severely, due to the fall in discretionary income and concern over fuel prices.

At the same time the cheaper, less spacious and more economical Fiat Amigo started to capture an increasing share of demand and at one time held a dominant position in the market, although this success (thought to be mainly with first time buyers) now appears to be on the wane.

This vehicle, based on the 900T, now retails at about £2,800, which is some way below most of the others available and has the advantage of being more versatile than larger models, in that it can be used comfortably as a second car. The conversions are carried out by Motor Caravan Conversions of Bedford.

Volkswagen believes that the success of the Amigo was good for the market in general, persuading new buyers to go for a motor caravan in the first place but it believes many people will

graduate to larger, more specialised vehicles such as their own.

Devon Converters, which is undisputed by the appointment of new Volkswagen converters, indeed welcomes the opportunity for the company to convert other makes, and it is at present considering doing such work on as yet unnamed UK made and imported models.

"Demand has outstripped our capacity these past months although we have increased production by 25 per cent and we still have a full order book," the company said. "We will understand VW (GB)'s wish to give the customer a wider choice. Indeed, we approve of it."

At present Devon Converters builds three caravan models on the Volkswagen chassis. These are the Moonraker and Sundowner on the one-ton VW Kombi and van, and the Royalty on the VW "new generation" 30 cwt LT truck. They also build buses on the VW van and the LT chassis.

Another consideration from Devon's point of view has been the price of the VW range, which it believes to be too near the top end of the market and it sees the chance to diversify into cheaper products.

The motor caravan market as a whole remains difficult to judge in that figures provided by the Society of Motor Manufacturers and Traders are dependent upon the industry providing up-to-date information and it is thought that many conversions go unregistered.

However, SMMT figures for last year showed that Ford held the top position in the market with 22 per cent (900 units), Bedford 18 per cent (734 units), Fiat 17 per cent (679 units), Volkswagen 15 per cent (623 units) and BL 12 per cent with 476 units.

The more optimistic producers believe that by 1981 the market could rise to around 8,000 units a year, but given that demand is highly sensitive to fuel prices (which are far from predictable), no one is betting heavily on such an outcome.

Some converters such as Devon are continuing to do good export business, particularly to other European countries in the belief that the quality of British conversion work is a favourable factor.

At present the emphasis seems to be in the middle range with some manufacturers intent on hedging their bets by offering as wide a range as possible.

Lorne Barling

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Most people associate front-wheel drive and all-round independent suspension with performance cars having superior roadholding. Quite rightly.

But on a van? Isn't such refinement rather unnecessary for Dodge half-ton vans and pick-ups?

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The Dodge half-ton range comprises the standard van, the Hi-Top van (which has more

loadspace than any other popular 10 cwt van), and the pick-up. Each model has Dodge rugged reliability, a two-line braking system and runs happily on economical two-star petrol.

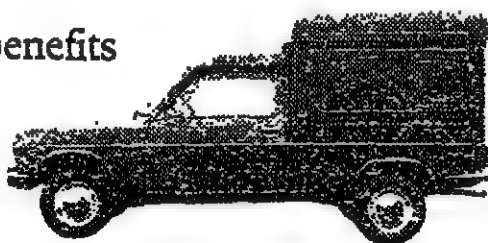
Dodge half-ton vans are backed by one of the top U.K. sales and service networks.

See the range at your Dodge truck or Chrysler car dealer now. And check on The Protector, Chrysler's unique warranty. It gives 12 month's unlimited mileage cover. Plus, under the Extra Care Policy, free replacement of certain major parts should they wear out during the warranty, and free recovery should the vehicle breakdown due to manufacturing defect during the warranty.\*

\*UK mainland only.

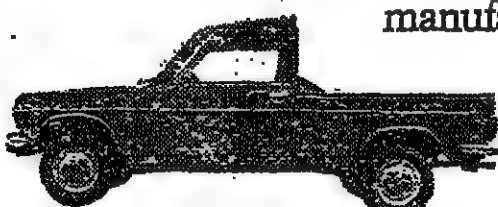
The Extra Care Policy excludes vehicles used for police or taxi work, or in competitive events. Neither will it apply to vehicles which have not been serviced as

recommended. See your dealer for full details. Prices include VAT and inertia reel seat belts.



£2,307.96

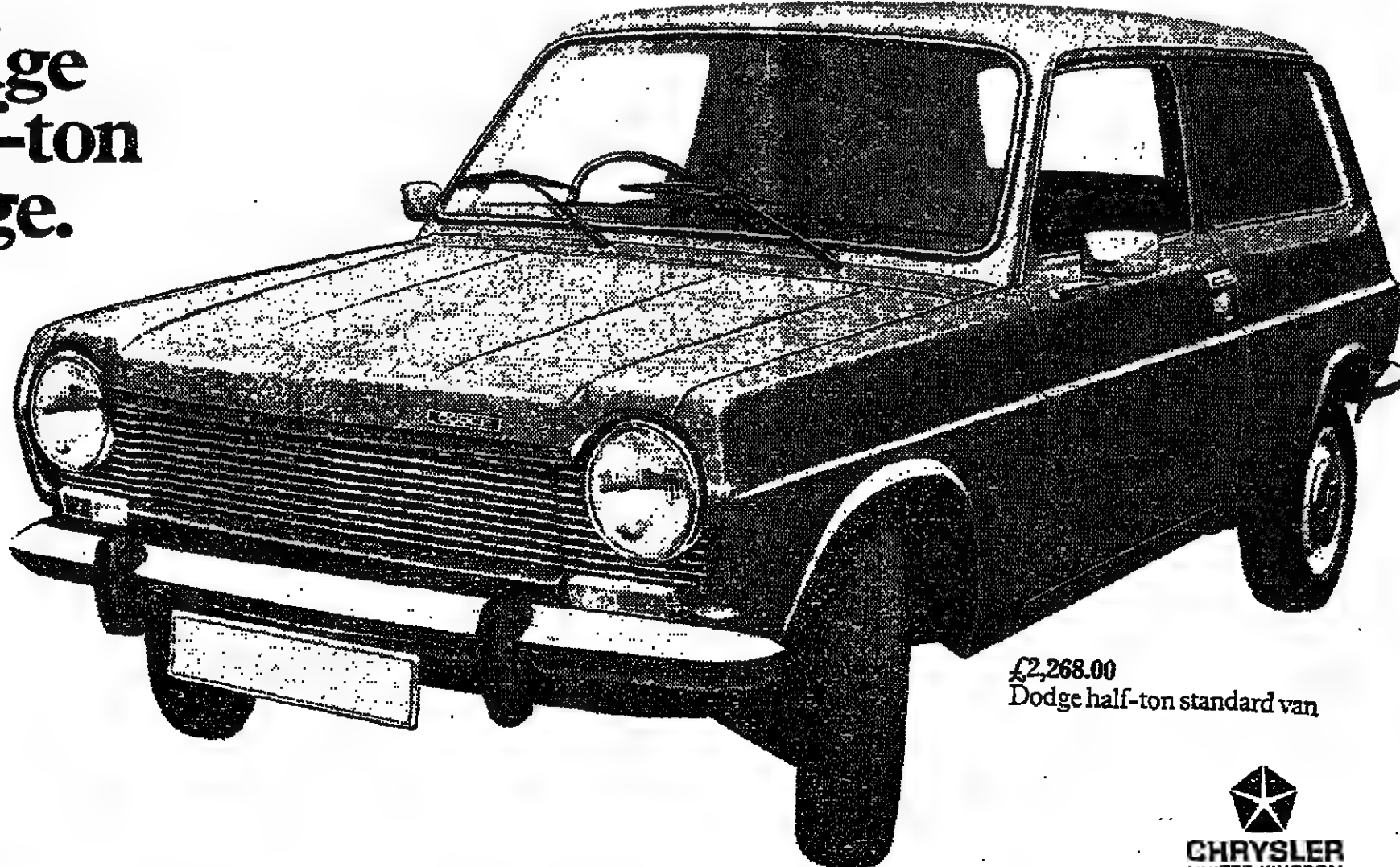
Dodge half-ton Hi-Top van



£2,226.96

Dodge half-ton pick-up

## Dodge half-ton range.



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Dodge half-ton standard van





## VANS AND LIGHT TRUCKS V

## European collaboration

THE EUROPEAN market for odd anomalies in the situation. Vans and light trucks amounts in Germany, for example, there is therefore a significant sector which no manufacturer of either cars or trucks can afford to ignore if he wants a complete range. But at the same time, the spread of demand varies enormously from country to country, so that it is only recently that producers have been able to design vehicles which reflect a common demand throughout the region.

Even today, there are some

ducts accounted for virtually half the market, notching up 136,000 sales against 111,000 in the medium sector and 50,000 in heavies. To some degree, the UK follows France's pattern: these two countries represent the two largest commercial vehicle markets in Europe, and Britain too has large sales of lighter weight vehicles. Italy is more analogous to Germany: out of sales of about 120,000 commercial vehicles last year, virtually 70 per cent of the Italian total was in the medium van sector.

As these figures show, the one common feature of all these markets is the strong position of the medium weight vans. In Italy, the smallest market, they account for more than 70,000 units a year, and in all the other leading countries they regularly sell at a rate of more than 100,000 vehicles a year.

The steadiness of sales in this sector is clearly a significant factor behind the product development programmes which have been directed at it during the last few years. Only the French producers at present stand outside the mainstream of developments in this area, and following the amalgamation of the Renault and Peugeot companies, the French industry is unlikely that the French industry will stay on the sidelines for much longer.

The main protagonists remain the British and German producers, but Fiat, through IVECO, the pan-European company which owns Unic in France and Magirus Deutz in Germany, has also entered the

## EUROPEAN LIGHT COMMERCIAL VEHICLE MARKET, 1977

	Light-weights (units)	Medium-weights (units)	Total market, including heavy-weights (units)
UK	72,430	84,416	225,222
France	136,000	111,000	298,000
Germany	5,900	106,800	183,200
Italy	5,100	73,800	119,500

field in the last few months. The new "S" Series van, called the Fiat Daily and the OM Granta, were launched in April with a production rate of about 40,000 units a year. Like most other European vehicles in the class, they will have both petrol and diesel engines, and be aimed at the international market.

## Emphasis

Competitors believe that the Fiat vehicle, styled with the squared-off lines which are typical of the industry today, will prove a tough competitor. A great deal of emphasis has been placed on drive conditions and cab comfort, both factors which are playing an increasingly important part in the industry. The other significant characteristic of the Fiat vehicle lies in the weight range which it covers, starting at around 2.5 tonnes gross vehicle weight, and extending up to 4.5 tonnes. This means that it extends on both sides of the important 3.5 tonnes point

which in both the UK and Germany market marks a significant position in taxation ratings.

The IVECO approach is similar to that recently followed by Volkswagen, which designed the LT truck, launched about two years ago, to span a wide weight range. VW has already announced that it is having talks with MAN, another German commercial vehicle manufacturer, on a collaborative venture in a new light truck, and the outcome is likely to be a vehicle moving up from the 3.5 tonnes point, but using the current LT cab and MAN mechanicals. In this way other manufacturers will be able to tackle the light truck area at a reduced cost.

By contrast, Mercedes, the only other significant West German manufacturer of light commercials, has approached the market in a more traditional manner. Its new small van, made at the Bremen plant, is rated at between 2.5 and 3.5 tonnes gvw, while the company relies on its older Dusseldorf efforts to tackle

range, facelifted about a year ago, to cover the 3.5 to 6.5 tonnes sector.

The new Bremen vehicle marks Mercedes' first fully co-ordinated attempt to tackle the light market. Its previous van, inherited from Hanomag-Henschell, which it took over in the mid-1960s, had front-wheel drive and was not reckoned to be ideal from a driver's point of view. Now Mercedes has returned to a more traditional lay-out, with a front engine driving the rear wheels, and an all-out attempt to make the vehicle more appealing to drivers. It intends to make about 40,000 of the Bremen vans a year.

With both the Bremen and the Dusseldorf ranges, Mercedes makes considerable use of car components, illustrating one of the ways in which European producers minimise their costs in this light commercial area. Mercedes has an additional strength because of its wide range of diesel engines already used extensively in its cars. These provide the power units for all of the Bremen range and the lighter Dusseldorf products.

In the longer term, Mercedes will probably introduce petrol engines as well to give a wider choice to its customers. At present only about a third of the market in European light trucks is reckoned to be diesel, so there is scope for petrol engine variations. Nevertheless, the diesel represents a strong and growing sector which other manufacturers, being without another Mercedes' resources in this area, are having to make special lead to the French company

The growth in diesel sales led Volkswagen to negotiate a special deal with Perkins, the UK-based company owned by Massey-Ferguson of Canada, to establish an assembly plant in Germany specially to supply units for the LT range.

Similarly, IVECO has launched its new S range with diesel options made available following the completion of its new diesel-engine plant in South Italy. And all the British companies in this field—Ford, Bedford and BL—have found that their diesel variants have given them added strength in tackling Continental markets, particularly Italy and France where there is such a favourable differential for diesel fuel.

Another significant trend in the European market in the last few years has been towards joint manufacturing enterprises in this sector. One example is the joint Fiat Alfa Romeo Saviem diesel engine plant. But this pattern is now being repeated in the more specialised field of cross-country vehicles.

One good example of this is the new Matra-Simca Rancho vehicle, produced by fitting a Simca diesel engine plant, onto Matra, the French aerospace company, onto Simca, another the VW/MAN collaboration. Another is the link between Mercedes and Steyr-Daimler-Puch of Austria to build a Land-Rover type vehicle at the Steyr plants; and another is the negotiations between Renault and American Motors which are expected to lead to the French company

## Development

In essence, this development seems to represent an extension of the former and ill-fated collaboration between Fiat and Citroen in both the car and commercial vehicle sectors. Now the two companies are coming together to make a vehicle to compete not only throughout Europe, but also in one of the most idiosyncratic sectors of the French market. This in itself indicates how far integration has now gone in Europe. In the light commercial vehicle sector at least, all the forecasts of the value of cross-frontier collaborations, which have been so long in coming about, at last seem to be coming to fruition.

T.D.

## Expansion in diesels

DIESEL PENETRATION into the gvw commercial vehicle sector, including car-derived vans, of up to 4 tons, has been making substantial progress throughout Europe. In the reaction to the fuel crisis of the autumn of 1973 and stimulated by other factors, like the growing severity of environmental legislation, installation of diesel engines about doubled between 1975 and 1976 in the four major countries of Italy, West Germany and the UK and France. Progress has been particularly noticeable in Italy recently.

The use of diesel engines in commercial vehicles extends from zero, or near it in the lightest car-derived vans, to 100 per cent in heavy trucks. One of the reasons for installing them at the bottom end of the scale is that they are around 25 per cent more efficient than the equivalent petrol engines, and up to 40 per cent more so in urban driving because diesels are so much more efficient under part-load. There are other factors, like mileage, type of application (perhaps between construction work and town delivery), reliability and whether they fit into a fleet.

One of the most crucial factors is the price differential between diesel and petrol fuels, because quite obviously it vitally affects the economics of switching to diesel. An international comparison, carried out last summer, discloses wide variations, even between neighbouring countries. In calculating the advantages (or otherwise) in fuel cost savings, one has also to be aware that in some countries a lowish diesel tax is compensated by for an additional tax on the engine. The study, for instance, revealed that commercial vehicles in Scandinavia and passenger cars

While strong progress is being made in dieselising vans and light trucks, it needs strong nerves and a huge investment to bring a new plant to the starting line. Whether diesels can compete effectively with petrol engines depends quite crucially on volume and to achieve this the European motor industry is thinking more and more in terms of partnership projects, such as that which brought the Fiat/Alfa/Saviem plant into being earlier in the year. This has a designed capacity for 240,000 units a year, with perhaps 20,000-30,000 going into Fiat 131 and 132s as an option and the new Fiat contender in the Transit market. Others may

## DIESEL PENETRATION IN VEHICLES UP TO 4 TONS GVW (INC. CAR DERIVED VANS) IN 000s

	1975 Diesel Total	1976 Diesel Total	1977 Diesel Total
GB	48.2 231.5	60.3 257.7	67.9 269.2
West Germany	21.8 107.3	41.9 240.9	41.1 195.0
France	49.4 235.7	63.6 357.5	64.1 255.7
Italy	16.5 63.1	18.7 67.5	25.3 84.1
Total	133.9 709.6	181.6 887.6	198.6 904.1

n Italy are subject to a higher vehicle tax.

In the UK there is the anomaly that while the Liberals forced the Government to take off the proposed tax increase on petrol, it has remained on diesel, which is now several pence more a gallon. Diesel fuel in the UK is now third dearest in Europe, though UK petrol is the cheapest.

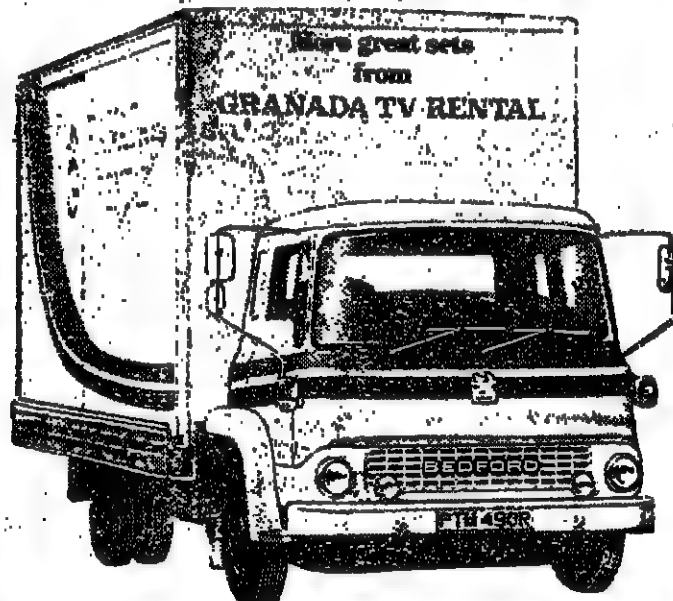
The differential is widest in Italy, where diesel is only a third of the cost of petrol and where the advantages of switching to diesel look most attractive. Other countries in a similar situation are Greece, Portugal, Korea, Norway, and Brazil.

Diesel engines also have something of a fashion appeal about them, perhaps strongest in Germany, where Mercedes-Benz makes a high proportion of diesel vehicles and where Volkswagen has had a big success with the LT van, currently powered by a Perkins engines diesel, and VWs own dieselised version of the 1800 cc Golf petrol engine. In the UK British Leyland has had difficulty in keeping up with demand for the Sherpa van, one of five of which are powered by a 50 h.p. 1798 cc engine made at Coventry, and which is the diesel version of the petrol engine. It also makes, in appreciably larger volume, the larger 70 h.p. diesel which powers the Austin taxi and has been taken over by the bus and truck division for use in trucks and van derivatives.

The biggest investment by a

Peter Cartwright

## Seven explanations for half a million Bedford TKs.



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off the production line and into active service. The explanations for this success story are clear:

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3. Six TKs can be driven on an ordinary car driving licence.

4. All TKs have high body and payload capacities.

5. They are renowned for their economy and reliability.

6. TKs can be fitted with almost any kind of bodywork.

7. They are backed up by Britain's most efficient dealer and after-sales service network.

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At almost every Bedford dealer

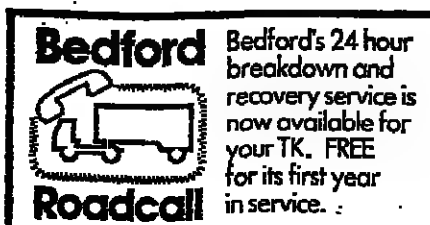
there's a Bedford Transport Specialist who will be happy to call and answer any questions you might want to ask. Not just about the TK range, but about the more general problems facing truck operators too.

Contact a Bedford Transport Specialist today. Find out for yourself that when you go Bedford TK, you can't go wrong.



# BEDFORD TK

There's no easier truck to drive









# FARMING AND RAW MATERIALS

## U.S. urged to increase food aid

WASHINGTON, July 19. **T**HE U.S. should be urged to increase food aid to the next four years by the United States Congress, the T-480 Food for Peace bill introduced by 18 Senators.

All that is specified in existing law for food aid is 1.6m tonnes of food commodities and products under the programme's provisions for donations.

Senator Robert Dole (Republican, Kansas), the chief sponsor, said the measure was necessary because amounts presently programmed were inadequate.

Food for Peace would export about 4m tonnes in the current year, he said. This quantity will not adequately meet the food assistance needs of about 30 developing nations.

The bill is intended to meet more adequately the food requirements of undernourished people in the developing countries and increase export opportunities for American farmers.

The minimum requirement for food aid would be increased to 1.6m tonnes, and the bill would allow the full amount of need to be met.

The Agriculture Committee, led by Senator Dole, is expected to report the bill to the Senate.

## New upsurge in London cocoa futures prices

BY RICHARD MOONEY

**WORRY OVER** West African cocoa crop prospects and reports that some producers were running short are believed to be behind yesterday's sharp price rise in London futures. September gained £1.50 to £17.80 a tonne, the highest level for a fortnight.

Heavy rain is believed to have damaged cocoa in Ghana, reducing output potential for the 1978-79 main crop.

The wet weather threatens pod-setting and low temperatures might encourage "cherelle wilt".

A modest initial rise was attributed to follow-through from an overnight advance in New York.

In this market conditions the increase quickly accelerated, helped by stop-loss and chartist buying. Dealers' said offerings from producer countries tended to be reduced as prices rose.

Coffee prices also ended the day higher as recovery from an early decline. The September futures position slipped to £1,285 a tonne but by the close was £1,295, up 10p on the day.

Dealers said the recent decline, largely based on overvalued prices of Brazilian frost, may have been exaggerated.

A slight fall in overnight temperatures in the main Brazilian coffee state of Parana was partly responsible for yesterday's steadier tone.

In Rio de Janeiro meanwhile one of Brazil's leading coffee trade bodies called on the Government to alter its coffee support price and financing structure to increase confidence in the coffee market, Reuters reports.

In suggestions to the Ministers of Industry and Commerce, Finance, the Rio Coffee Trade Centre requested, staggered increases in the support price to keep pace with rising costs and inflation, and of a fixed support price for the whole season.

The centre called for a return to coffee marketing finance based on 80 per cent of the support price, as in the past, instead of 50 per cent.

In a request for special export financing, the centre said that with the statistical position in Brazil tight, this is not the time for the Brazilian Coffee Institute (IBCI) to be buying coffee.

The centre suggested, therefore, that exporters should be given credit facilities to build up a stock of two to three months' supplies based on previous export performance.

Other trade sources added, while agreeing with the tone of the centre's suggestions, that they saw difficulties in fitting such changes into Brazil's anti-inflation policy.

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The feed makers hope the results of their survey will convince the EEC Commission that the limit on copper additive should be raised to 300mg per tonne, as the existing 100mg limit is too low.

They note that the discussions on this finding may be finished by the end of the year and in that case the waiver should be extended pending a final judgement.

## Metal limit threatens pig profits

BY CHRISTOPHER PARKES

**PROFITS** BY British feed makers are threatened by an EEC directive on metal additives, the industry's association says.

The United Kingdom Agricultural Supply Trade Association (UKASTA) says that the directive, that too much metal fed to stock in Britain, will hurt the common British husbandry practice of adding copper to pig rations, which adds at least £2.73 to the profit on a bacon pig.

The UK and most other EEC members are being allowed to add up to 200 mg of copper to a kilo of feed. That is to drop to the regulation, 125 mg at the end of this year.

The profits from adding the extra copper were shown in a survey by UKASTA, which hopes for a permanent waiver of EEC regulations.

UKASTA said only the Belgians, Danes and Italians had failed to take up the option to use 200 mg of copper.

Copper in feed leads to a build-up of toxic metal in the soil and rivers, where "pig slurry" is deposited.

Professor Peter Wilson of BOCM-Sitcock, UKASTA's scientific spokesman, said: "Fears, at present unproven, about possible environmental hazards associated with the spreading of slurry from pigs fed on copper-supplemented diets, must not be allowed to deny pig producers in other member states continued use of this additive."

This would be a classic case of harmonisation for harmonisation's sake, UKASTA commented, that the Belgians, limited, copper use because they had little free land for slurry spreading in the industry was concentrated in one area.

The Danes were sensitive to potential threats to the environment and the Italians objected apparently because spraying vineyards with copper-based chemicals such as Bordeaux mixture had produced a heavy concentration of copper to many areas.

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## Japan to buy less nickel

TOKYO, July 19.

**JAPANESE NICKEL** smelters have agreed to buy 1.5m tonnes of nickel concentrates from New Caledonia in the year to next March compared with 2.2m tonnes a year earlier, Nippon Mining Company said here, Reuters.

The agreement follows recent negotiations, held in Noumea, with a Japanese nickel trader and New Caledonian Nickel Shippers' Association.

The deal is for shipments to be made for a period of 18 months.

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## Sharp drop in India's tea exports

By Our Own Correspondent

CALCUTTA, July 19.

**THERE HAS** been a sharp fall in Indian tea exports, during the first half of 1978 compared with the same period in the previous year judging from the export licences issued by the Government.

The figures show that India exported only 35m kilos in the first half of this year as against 47m kilos in the same period of 1977.

Appliances of uncompetitive Indian tea has become in the world market the Indian Tea Association has worked out in comparison with its competitors.

According to these figures the landed cost at the moment is 132.26p a kilo, for Sri Lanka it is 90.30p, for Kenya it is 73.68p, for Bangladesh 57.28p and for Malawi 58.8p.

At present the average tea price in London is 120p, which is stressed, is definitely hampering India's exports.

A reduction of tea export duty has already been suggested by the tea association officials.

## Substitutes sought for maize and soya

BY ROBIN REEVES, WELSH CORRESPONDENT

**FIELD BEANS** and "naked oats" could stage a major comeback as a substitute for imported maize and soya beans, research now in hand at the Welsh Plant Breeding Station, Aberystwyth, fulfils its early promise.

Both oats and field beans have fallen out of favour on recent years among farmers and animal feed compounders alike, as a result of competition from continuous barley growing, yield unreliability and availability of cheap supplies of maize and soya beans from the U.S.

But breeders at the station are hopeful that their research programmes will put the two crops back on the map, not only in the U.K. but also in other countries of the Common Market where there is a strong political and economic desire to reduce the U.K.'s heavy dependence on imported American feedstuffs for intensive livestock production.

A few varieties of the "naked" or huskless oat have been developed already on the Continent but the lack of a husk is liable to be damaged during threshing, and the yield is not high enough to justify commercial production.

Field beans have long been regarded as offering the highest yield potential for widespread legume cultivation in Northern Europe and as a valuable break crop in cereal.

But in practice the crop has proved disappointing because it relies on bees for cross pollination and in poor seasons, when the bees are less active, yields are down. Indeed, the yield can vary between one and six tonnes a hectare.

The station is trying to overcome the problem by breeding a self-fertile variety from India on a plant which also produces more beans and less foliage.

The work has already resulted in a new field bean variety, Duro, which is on the national register, and is expected to be available in 1979-80. It is not yet fully self-fertile.

More breeding also needs to be done to produce a field bean with much-improved protein content. At present, winter varieties are yielding around 24 per cent protein and spring varieties 26 per cent. But the programme is beginning to push the protein content towards 32 per cent.

If they can breed a variety which will produce consistent crops, the researchers have high hopes that the field bean will begin to look like a viable substitute for Europe's massive import of soya beans for animal feed compounders.

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## Rain boosts world cereal prospects

WASHINGTON, July 19.

**ROP SOWING** in most Indian states has been aided by monsoon rains and a normal autumn harvest is forecast on the sub-continent, the U.S. Agriculture Department said here.

In its weekly world weather and crop summary the department said rainfall from June 1 to 15 was normal or above average in areas which accounted for 59 per cent of autumn-harvested cereal production in 1977.

Planting of Australian winter rains was virtually complete, and in New South Wales, where excessive rain had delayed sowing.

Parts of Western Australia, however, needed rain to alleviate from moisture deficiencies, the department added.

Wet, cool weather prevailed over much of Western Europe in mid-July and crop development in general was significantly slow normal. However, in the northern half of Eastern Europe moisture was below normal and in irrigated crops and pastures droughted rain.

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## Chinese rice threatened by drought

HONG KONG, July 19.

**DROUGHT** and a heatwave are threatening the early rice crop in Chekiang Province in eastern China, according to Radio Peking reports here.

More than 7,000 local officials in Chekiang have left for the countryside to direct an anti-drought operation called by the provincial Party committee, while aircraft have been sent from Shanghai to neighbouring Kiangsu Province to seed clouds.

There has been some success in the rain-making operations, Peking Radio added.

## Copper leads metals slide

BY OUR COMMODITIES STAFF

**BASE METAL** prices sagged in busy trading on the London Metal Exchange yesterday. Only zinc withstood the general downward pressure, prices holding steady thanks to what dealers called influential buying during the afternoon.

Copper led the decline with cash wirebar slipping 11.25 to £693 a tonne. Three months metal fell 11.5 to £714.25.

Copper prices have now lost more or less all of last week's heavy gains. Amalgamated Metal Trading said at the weekend that it felt the rise was "unusually sharp" and forecast a "sharp setback".

And traders were reported to be taking a far less optimistic view of world economic prospects than in recent weeks.

The tin market, too, also declined, with three months metal slipping 1.5 to £186.75 a tonne. The drop in copper and supported only briefly during the morning by the \$36 rise in Penang overnight. U.S. selling in the afternoon accelerated the fall in prices.

Three months standard tin lost £87.50 a tonne, closing at £2,437.50 and cash metal slipped 27.5 to £2,410 a tonne.

Cash lead closed £3.50 lower and three months lost 24.50 to end the day at £308.75 a tonne. Again the main influence was the decline in copper.

Three months zinc closed £1 up at £213.25 a tonne, close to the day's high.

Reuters reported from New York that the Newmont Mining Corporation's subsidiary Idaho Mining Co. would suspend operations at its lead, zinc and copper mine near Ouray, Colorado, by September 30.

The mine will be put into an "indefinite care and maintenance status," the company said.

Mining had been suspended because of continued low prices, and the high cost of treating ore concentrates.

Since late 1975, in an effort to keep the mine open, mine developments and production may fall to 16m kg.

levels have been cut back, the firm said.

In Australia Mount Isa Holdings raised its price for copper wirebars to \$21.00 per lb. and for main Australian pig iron to \$21.00 effective July 20.

The Electrolytic Refining and Smelting Co. of Australia quickly followed suit.

## COMMODITY MARKET REPORTS AND PRICES

### BASE METALS

Commodity	Unit	Price
Aluminium	tonne	£1,150
Copper	tonne	£693
Lead	tonne	£213.25
Nickel	tonne	£1,150
Silver	ounce	£10.50
Gold	ounce	£275.00

### COFFEE

Commodity	Unit	Price
Arabica	tonne	£1,295
Robusta	tonne	£1,285

### PRICE CHANGES

Commodity	Unit	Price
Aluminium	tonne	£1,150
Copper	tonne	£693
Lead	tonne	£213.25
Nickel	tonne	£1,150
Silver	ounce	£10.50
Gold	ounce	£275.00

### U.S. Markets

Commodity	Unit	Price
Aluminium	tonne	£1,150
Copper	tonne	£693
Lead	tonne	£213.25
Nickel	tonne	£1,150
Silver	ounce	£10.50
Gold	ounce	£275.00

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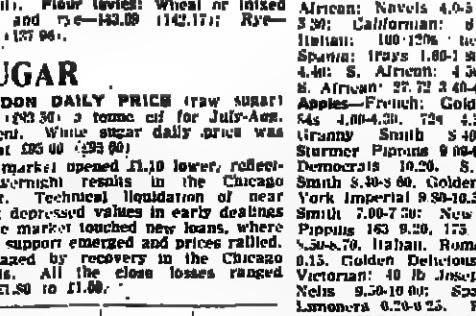
Whatever your interest...  
Wherever you are...

Ring London, Birmingham  
Liverpool or Manchester

**246 8026**  
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Business News Summary

## WHY INVEST IN COMMODITIES?

To find out how the commodity market can help you to invest in commodities, contact Metaport Commodities Limited.



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COMMODITIES LIMITED  
Plantation House, London EC3M 3PP

Are you a Stock Exchange Investor?  
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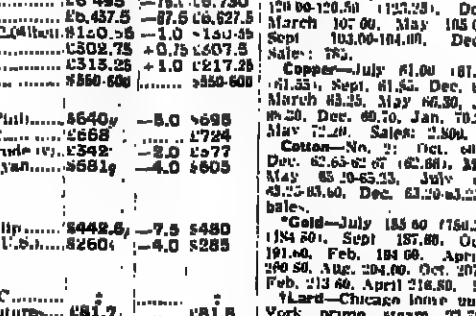
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## Equities caught up in dividend control controversy

### Index reacts 4.9 more—Gilts await money stock figures

ICI eased to 380p before recovering to 382p and settling at 382p for a fall of 3 on balance. The trend in other Chemicals was also slightly easier. Fisons drifted back 3 to 300p, while losses of 2 were marked against Coalite and Chemical, 88p. and Anchor, 85p.

declined 9 to 131p on fears that the proposed merger will be referred to the Monopolies Commission. J. Sainsbury were notably dull at 105p, down 5, while Tate and Lyle closed 3 off at 164p and Associated Dairies lost 4 more to 225p. Press comment ahead of today's interim figures further de-

Thomson closed that amount dearer at 278p. Elsewhere Websters Publications were not worthy for a fall of 4 at 52p while Inveresk, awaiting the interim results, closed 1½ lower at 73p.

Property shares gave ground.

Dealings	Dealings	Declaration	Settlement
July 18	July 31	Oct. 12	Oct. 24
Aug. 1	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of page 10.

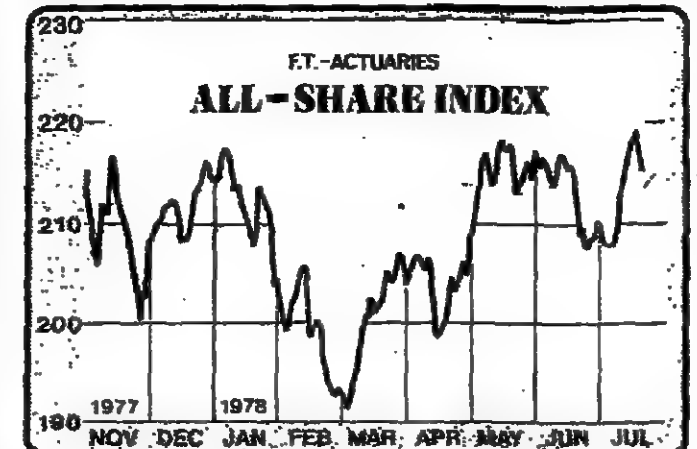
Share Information Service

Stocks favoured for the calendar

British Land, P & O Deferred  
Lourbo, Dunlop, Hunting Petroleum,  
eum, Brook St. Bureau and  
Automated Security, while  
doubles were arranged - in  
Burmah Oil, Lourbo, BP, British  
Land, RCA International and  
Dunlop.

Land Secs.	250	10	12
Land Secs.	220	14	12
Marine & Sp.	120	15	12
Marine & Sp.	140	15	12
Marine & Sp.	160	12	12
Shell	500	57	1
Shell	550	5	23
Shell	600	13	105
Total			

712	7	13	4	
58	5	41		155p
19	5	24	15	
7	5	12	15	
76	5	80	2	554p
84	5	47		
13	57	26	5	
	217		148	



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Shell	500	57	1
Shell	550	5	23
Shell	600	13	105
Total			

712	7	13	4	
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19	5	24	15	
7	5	12	15	
76	5	80	2	554p
84	5	47		
13	57	26	5	
	217		148	

**Union Corporation Limited**  
**Beisa Mines Limited**  
*Both companies incorporated in the  
Republic of South Africa*

Beisa Mines Limited, a wholly owned subsidiary of Union Corporation Limited, has for some years been prospecting and drilling an area 25 Km south of Welkom in the Orange Free State. A recommendation by the Consulting Engineers to exploit initially a selected portion of the area for uranium with gold as a by-product, has been accepted by

Present planning is for the sinking of a twin shaft system and the construction of a treatment plant and reduction works capable of handling initially 100,000 tons of ore per month. Production is scheduled to commence in the latter half of 1982 and capital expenditure in current terms is likely to be of the order of R200 million, but,

The uranium oxide output will be marketed through the agency of Nuclear Fuels Corporation of SA (Pty) Limited. Adequate funds are available for the first phase of the project. The balance of the funding will be provided from Group resources, loans and an offer of shares to the public. The timing of the latter has not yet been decided.

London Office, Princes House,  
95 Gresham Street, London, EC2V 7BS

## LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 31, 1977, in the principal equity sections of the FT Actuarial Share Index. It also contains the Gold Mines Index.

<b>Gold Mines F.T.</b>	+22.87	<b>Electronics, Radio and TV</b>	+2.86
<b>Newspapers and Publishing</b>	+14.00	<b>Sub-share Index</b>	+2.85
<b>Dominion Traders</b>	+12.56	<b>Balancing Materials</b>	+2.85

Mining Finance	+2.53	Contracting and Construction	+0.25
Textiles	+1.86	Consumer Goods	+0.55
Telecom	+1.80	Non-Utilities Group	+0.25
Mechanical Engineering	+1.75	Pharmaceutical Products	+2.00
Engineering	+1.70	Food Products	+1.75
Transportation	+1.65	Banks	+2.00
Tools and Games	+1.62	Insurance (Life)	+1.75
Automotive	+1.50	Merchandise	+1.75
Plasma and Distributors	+1.25	Household Goods	+1.30
Metals and Paper	+1.25	Food Retailing	+1.30
Textiles	+1.22	Proximity	+1.30
Office Equipment	+1.15	Breweries	+1.30
Medical Liquids Group	+1.14	Stores	+1.30
Wines and Spirits	+1.09	Financial Group	+0.40
Electricity	+1.03	Entertainment and Casino	+0.40

# NEW HIGHS AND LOWS FOR 1978

The following securities posted in the Share Information Service yesterday attained new highs and lows for 1978.

## NEW HIGHS (67)

Encher, 12-29-77  
**CANADIANS (4)**  
 Bay Valley  
 Western Union Int. Gen.  
 Hudson's Bay Oil Gas  
 Inland  
**BUILDINGS (4)**  
 Brown & Johnson  
 Brierley Hattamberg  
 CIBC  
 Dander &  
 Virginia  
 Construct.  
**STOCKS (3)**  
 Cope Sportswear  
 Wallis  
**ELECTRICALS (2)**  
 Securix  
 Krest  
 Aeromaster

## NEW LOWS (11)

**SOUTH AFRICANS (1)**  
 Ben Treloar A  
**TEXTILES (3)**  
 Devonian Int.  
 Scott & Robertson  
**TRUSTS (12)**  
 Bankers' Inv.  
 First Am. & Gen.  
 Commercial Union  
 Equity Com.  
 Gen. Inv. Corp.  
 Estate Quicks  
 Overseas  
 Trusts Union  
 U.S. Trust  
 Harrisons Crossfield  
 RUSSELL (1)  
 Berman Conqd.  
 Adams Dorens  
**TEAS (1)**  
 NEUM (1)

[illegible]

# RECENT ISSUES

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## EQUITIES

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Issue Price	Amount	Total	% Chg.	Dividends	Yield	Stock	Change Price	+ or -	DIV. P. as % of Price	Amount	Fund's Cov'd	Liquidity	P.R. Rating
----------------	--------	-------	-----------	-----------	-------	-------	-----------------	--------	--------------------------	--------	-----------------	-----------	----------------

	P.P.	S.O.	%	No.	Company Name	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56</
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Issue/ Prior P.	Interest Comm. Date	1972		Stock	Closing Price P.			
		High	Low					
\$32.76	10-8	18 1/2	31 1/2	25 1/2	ANF	31 1/2	+1	
22	10-8	18 1/2	31 1/2	25 1/2	Bedford Properties	31 1/2	0	
22	F.F.	18-7	18-8	30 1/2	31 1/2	Brooks-Toulon Inc.	31 1/2	0
15	10-11	26-7	18-8	4-1/2	6 1/2	Davidson Inc.	4 1/2	0
14 1/2	10-7	16-8	31-8	2 1/2	3 1/2	Drivchik Hopper	3 1/2	0
2-8	1-8	1-8	1-8	1-8	1-8	Heaton Sales & Cognate	1-8	0
108	F.F.	3-7	4-8	132	109	Hentley	132 1/2	0

99	Al	3.7	23.7	40	20	Hyman I & G.	43%	pen-2
73	Al	1.0	1.0	10	10	Hyman I & G.	10%	pen-2
50	Al	21.7	11.0	26	26	Hyman I & G.	18%	pen-2
25	N	2.0	2.0	10	10	Hyman I & G.	10%	pen-2
5	F.P.	17.7	25.0	118	112	Verstegen Group	11%	pen-2
2	F.P.	25.0	17.7	112	118	Verstegen Group	11%	pen-2
9	F.P.	17.7	25.0	120	107	Verstegen Group	11%	pen-2
95	F.P.	17.7	25.0	113	107	Verstegen Group	11%	pen-2
30	N	22.0	9.9	20	20	Verstegen Group	26%	pen-2

# FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Foreign Yields: Corp. Tax-free	Dom. Yields: At 34%	P/E Ratio: Corp. Tax-free	Index No.	Index No.	Index No.	Index No.	Index No.
1	CAPITAL GOODS (75)	214.46	—0.7	17.69	5.71	7.82	215.93	218.17	216.02	215.39	179.95
2	Building Materials (38)	193.06	—0.4	18.00	5.73	7.86	383.76	310.64	192.27	192.57	240.33
3	Contracting Construction (57)	199.49	—0.6	20.61	5.75	7.89	379.55	312.73	194.27	194.67	240.33
4	Electricals (15)	437.60	—0.4	18.59	4.06	9.39	463.62	475.55	463.63	463.63	251.33
5	Engineering Contractors (14)	317.80	—0.2	18.08	6.42	7.55	318.48	320.71	320.86	320.66	251.33
6	Mechanical Engineering (7)	127.87	—0.4	18.72	6.22	7.16	173.75	175.74	173.44	172.10	167.60
7	Metals and Metal Forming (16)	162.37	—0.7	17.47	8.61	7.80	164.55	165.34	165.31	165.34	164.60
8	CONSUMER GOODS										
9	DURABLES (62)	196.25	—0.7	17.69	5.34	7.73	197.75	198.96	198.53	198.19	197.75
10	Electronics, Radio TV (15)	232.42	—1.0	16.16	4.99	8.74	234.61	235.49	235.27	235.27	197.75

[illegible]

34	Stores (38)	183.99	-0.8	11.46	4.81	12.86	185.44	187.96	187.81	176.51
35	Food (10)	176.76	-0.8	11.46	4.81	12.86	185.44	187.96	187.81	176.51
36	Tobacco (3)	244.52	-0.8	22.44	7.66	5.2	246.58	248.53	248.27	244.51
37	Tyres and Gases (9)	106.42	-1.2	19.11	5.87	6.59	107.55	108.24	108.00	107.80
38	OTHER GROUPS (59)	199.04	-0.8	11.46	4.81	12.86	200.50	202.96	202.81	198.51
39	Securities (1)	285.17	-0.7	17.56	5.13	7.82	287.05	290.67	286.74	284.04
40	Pharmaceutical Products (7)	227.98	-0.7	13.21	3.97	11.10	229.00	242.15	239.37	230.41
41	Office Equipment (8)	124.94	-0.6	29.18	6.89	6.17	126.81	130.57	128.68	124.94
42	Shipping (10)	205.27	-0.6	16.47	6.27	7.87	206.57	209.74	208.66	205.27
43	Miscellaneous (33)	205.27	-0.6	16.46	6.44	7.64	206.45	208.83	206.24	206.45
44	INDUSTRIAL GROUP (48)	209.96	-0.7	16.62	5.83	8.34	211.49	213.91	212.32	211.78

90	S&P SHARE INDEX	232.92	-0.4	16.40	1.56	7.97	236.27	232.72	232.77	236.86	135.25
91	FINANCIAL GROUP (F100)	162.91	-1.1		5.82		166.78	166.68	164.28	163.96	135.25
92	Bankers (B)	189.23	-0.7	24.15	5.96	6.27	190.58	193.51	190.08	187.92	135.25
93	Discount Houses (D)	261.23	0.7				264.91	263.30	260.88	261.00	135.25
94	Life (F15)	112.96	-0.1	12.91	9.99	11.45			112.71	112.17	129.47
95	Insurance (Life) (I)	133.96	-1.6		6.80		136.18	137.00	134.82	136.21	104.74
96	Insurance (Composite) (T)	123.58	-2.6		6.90		125.65	127.85	125.29	125.67	104.74
97	Insurance (Life) (L)	133.96	-1.0		13.99		140.84	139.86	137.85	138.00	104.74
98	Merchant Banks (M)	79.30	-0.7		6.17		79.93	80.28	79.04	79.82	66.66
99	Property (P)	232.15	-1.2	3.05	3.21	64.95	234.91	237.69	234.05	234.66	100.00

[illegible]

British Government		Wed. July 1948	Day's change %	to-day to-day	1948 to date	1	2	Low	5 years	8.76	8.76	7.86
						1	2	Coupons	15 years	10.81	10.81	11.70
						3	4		25 years	13.59	13.59	14.48
1	Under 5 years	104.98	+0.12	—	4.91	5	6	Medium	5 years	11.59	11.55	12.55
2	5-15 years	114.67	+0.19	0.70	7.04	7	8		15 years	12.11	12.13	12.93
3	Over 15 years	120.78	+0.14	—	7.71	9	10		25 years	12.15	12.16	13.21
4	Irredeemables	125.54	—	—	7.24	11	12	High	5 years	11.62	11.66	12.66
						13	14	Coupons	15 years	12.60	12.62	13.71
						15	16		25 years	12.82	12.85	13.92

[illegible][illegible]







# Food valuers

## FT SHARE INFORMATION SERVICE

## BONDS &amp; RAILS—Cont.

## BANKS &amp; HP—Continued

## CHEMICALS, PLASTICS—Cont.

## ENGINEERING—Continued

## BRITISH FUNDS

High Low Stock Price % Chg. Div. Yield

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## AMERICANS

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## BANKS &amp; HP—Continued

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## CHEMICALS, PLASTICS—Cont.

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## CINEMAS, THEATRES AND TV

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## BEERS, WINES AND SPIRITS

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## DRAPERY AND STORES

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## BUILDING INDUSTRY, TIMBER AND ROADS

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## CANADIANS

High Low Stock Price % Chg. Div. Yield

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U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## BANKS AND HIRE PURCHASE

High Low Stock Price % Chg. Div. Yield

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U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## COMMONWEALTH &amp; AFRICAN LOANS

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## LOANS

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## FOREIGN BONDS &amp; RAILS

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U.S. \$ & DM prices exclude inv. & premium

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## FINANCIAL TIMES

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U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## EDITORIAL OFFICES

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U.S. \$ & DM prices exclude inv. & premium

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U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## ENGINEERING

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

U.S. \$ & DM prices exclude inv. & premium

## MACHINE TOOLS

High Low Stock Price % Chg. Div. Yield

U.S. \$ & DM prices exclude inv. & premium

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U.S. \$ & DM prices exclude inv. & premium

## FOOD, GROCERIES, ETC.

High Low Stock Price % Chg. Div. Yield

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## Official Secrets plans draw angry reaction

BY RUPERT CORNWELL, LOBBY STAFF

THE Government ran into stern and sometimes vicious criticism yesterday as it announced its plans to replace the existing "catch-all" Section Two of the 1911 Official Secrets Act with an updated and less restrictive Official Information Act.

The long-delayed White Paper proposals would limit the threat of criminal sanctions to the disclosure of defence security and foreign policy material, and confidential information about individuals and companies held by Whitehall and local authorities.

However, the Government takes a dim view of any legislation guaranteeing right of access to official information, as now operates in the U.S. and Sweden. This was proposed in the last Labour manifesto, and demanded by the Liberals and by the growing freedom of information lobbies.

The White Paper declares that the Government is keeping an open mind on the issue, and that reform of Section Two would be an essential precursor of any such measure. But it points out the extra costs that might arise, as well as possible constitutional difficulties.

The proposals come 20 months

after Mr. Merlyn Rees, the Home Secretary, outlined his broad acceptance of the recommendations of the Franks Committee back in 1972, for reform of Section Two.

Inevitably, after so long a delay, yesterday's modest announcement by Mr. Rees in the Commons was surrounded by anti-climax and disappointment—and produced the most bitter clash for months between the Government and the Tribune Group.

Mr. Robert Kilroy-Silk, Labour MP for Ormskirk, had called the White Paper "totally unconvincing." The Home Secretary retorted that very few of his constituents were likely to be worried by it—and was engulfed by enraged protests from the Left.

Mr. Jeff Rooker, Labour MP for Perry Bar, scornfully dismissed the excuse: "It is the function of those who aspire to hold political leadership to offer a vision to their fellow-citizens living in a complex society... you are either fitted to hold it or not to aspire to such leadership," he told the Home Secretary.

For the Liberals, Mr. Emilyy Hosson described the proposals as "a mouse," while Mr. Ken-

## Liberals want electoral reform before pacts

BY RICHARD EVANS, LOBBY EDITOR

THE LIBERALS will refuse to enter into any form of Parliamentary pact with either of the major parties after the General Election unless there is a firm commitment to electoral reform.

This was made clear yesterday by Mr. David Steel, the Liberal Leader, at a Press conference in Westminster where he spelt out the broad outlines of the Liberal Party manifesto now being prepared.

Top priority will be given to the introduction of a system of proportional representation, which the Liberals regard as the only way they can get fair representation in Parliament.

This demand will be hammered home in the campaign, when it will be emphasised that there is no question of supporting a minority Government again without achieving this goal.

The four main elements in the Liberal Party manifesto on which its campaign will be based are:

1—Political reform, which will include the call for PR and more decentralised government.

2—Economic reform, including profit-sharing, industrial partnership and a statutory price and incomes policy.

3—Tax reform, based on a major switch from direct to indirect taxation involving introduction of greater personal incentives.

4—Environmental reform, based on protection of the environment and nurturing of energy resources.

If there is no election announcement by mid-September the Liberals will hold their party assembly in Southampton from September 11 to 15.

If the election date is announced by then they will have a shortened conference and use it as a launching pad for their campaign.

Mr. Steel and his colleagues

are "very interested" in the possibility of a referendum. Opinion polls have recently shown an increasing proportion of voters in favour of electoral reform.

Neither major party professed great concern last night at Mr. Steel's attitude, partly because they expect the Liberals to have fewer MPs after the next election than their present 13, and partly because both parties predictably claim that they expect an overall majority, with no need of Liberals or any other minority group.

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Mr. Steel and his colleagues

## Barclays joins the U.S. queue

THE LEX COLUMN

Barclays' \$191m bid for American Credit Corporation marks a new departure for British banks intent on strengthening their base in North America. The date commercial banks have been the prime target but after the recent spate of bids there are not so many suitable candidates left and the price for the privilege of owning a U.S. bank has been rising rapidly. Consequently, Barclays' bid for the 29th largest finance company in the U.S. looks a good move.

Although the price of \$50 per share compares with a market price of around \$23 and net worth of \$30 per share Barclays is gaining control of a network of 354 offices in 21 states. Commercial banks are not normally allowed to branch inter-state so Barclays has an advantage here, and on the surface American Credit looks to be a more profitable business than other recent foreign bank acquisitions.

Admittedly, NatWest's planned acquisition, National Bank of North America, has plenty of recovery potential but even so a price of \$300m for 1977 pre-tax profits of \$1.3m (NatWest only gets 75 per cent) compares with pre-tax profits of \$26.8 at American Credit.

Barclays is paying 13 times earnings for American Credit, which compares with multiples of 36 and 20 for the recent planned acquisitions by NatWest and Standard Chartered, respectively. Of course, Barclays is not getting the same sort of access to a big dollar base to back up its other international banking business.

By any standard yesterday's figures from Dowty Group look impressive. Turnover and pre-tax profit are up 38 per cent on the year though at the earnings per share level the increase is a more modest 19 per cent.

On a Hyde basis the profit improvement is similar, and the Hyde return on capital, at 13 per cent, is a point better than last year.

Yet another bit of good news is that Dowty has finally decided to give sales and profit figures for its four divisions. As expected, the largest profit contributor—with 43 per cent of the total—against 38 per cent of sales—is aviation and defence. The profit improvement here is a below average 13 per cent but Dowty says the benefit of the MRCA contract and the Panel will check these figures in more detail.

In making a full statement on the Mooloya/Customagic deal the Takeover Panel has taken the opportunity to express some general views on the operation of Rule 36. The Panel has already found Mooloya to be in breach of this rule, which requires that offers should not, without the agreement of the Panel, offer special terms or arrangements which are not extended to all shareholders.

Not all special arrangements need to be specifically cleared with the Panel. It is quite common, for instance, for directors to be offered service contracts, and the Panel will check these figures in more detail.

Not surprisingly Union Hunt experienced "difficult trading conditions" in the year to the end of June. Murn Lending Rate started year at 7 per cent, slipped to 6 per cent, and then turned up to 10 per cent. Union had been expecting rates to rise, but common with other discount houses was caught off guard by the authorities' decision to cut the proper interest rate to 6 per cent as a result of a states that provisions for the depreciation in the value of its portfolio exceeded its trading profits. Bunsby, it made a loss, Alexander.

The big question is: what happens next? Last night straw poll in the disc market indicated that houses expect rates to fall to the current tight liquidity situation. However, Union is not so convinced that this happens. At best Union reckons on a "hung market" between now and the election with rates going nowhere in particular.

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Index fell 4.7 to 467.7

FT-ACTUARIES GILT-EDGED YIELD INDEX

High Comps (Real Redemption Yield)

25 years

5 years

1977 1978

15

14

13

12

11

10

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7

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3

2

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## Ministry underspent by nearly £1bn on defence

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE MINISTRY OF Defence underspent its budgets in the six years, from 1972-73, by nearly £1bn, the sums varying in each year from "an insignificant amount" of the total defence budget in 1972-73 to over 6 per cent in 1973-74, an all-party committee of MPs reported yesterday.

The reason was not a lack of items on which to spend money, but unexpected slippages in major equipment and other programmes, particularly after the 1973 oil crisis.

To counter this underspending, the Ministry went on a spending spree in late 1977-78, by bringing forward spending on items ranging from missiles and commercial vehicles to clothing, vacuum cleaners and carpets with projected payments to companies making aircraft spares and to Royal Ordnance factories.

The report from the Commons Expenditure Committee pointed out that the Ministry says "under-

spending is not any kind of hidden cut. It simply reflects unavoidable delays in works and equipment programmes outside the control of the Ministry of Defence."

The MPs said that improved financial information systems, introduced with cash limits, should make it easier for such Departments to monitor spending progress and "take corrective action in good time when divergences appear from planned patterns of spending."

In 1977-78, the warning signs of underspending seem to have been detected reasonably early. "We are less satisfied, however, that the existing machinery enables the Ministry to take the necessary corrective action promptly enough," said the committee.

"We recommend that consideration should be given to the feasibility of making contingency arrangements with firms, which would enable additional orders or

new contracts to be placed at short notice.

"The main aim would be to spend as much of the Defence Budget as possible, subject to public accounting conventions. Prompter action might also go some way towards reducing the surge of expenditure at the end of the financial year."

"We think it right in this context to repeat the comments made to us during our visit to the British Forces Germany by the Commander in Chief, RAF Germany, who said